# *City of Victoria, British Columbia*

## Annual Report 2006

THE CITY OF VICTORIA

For the fiscal period ended December 31, 2006

2008-04960/

# Introduction

Victoria is located on the southern tip of Vancouver Island, the largest of British Columbia's 6,500 islands. A community of choice for its mild climate, natural and architectural beauty, recreation opportunities and arts and cultural activities, Victoria is home to approximately 78,000 people and is the economic and entertainment center for the Capital Region's 345,000 residents.

The region's strategic location as a gateway to the Pacific Rim, its proximity to American markets, and its many sea and air links make Victoria a hub for business development and economic investment. Tied for third spot in the Condé Nast *Traveller's Top Ten Cities in the Americas* ranking, Victoria hosts over three a half million visitors each year.

We are proud of our distinction as the Capital City of British Columbia. Our 1,100 employees, Mayor and City Council are dedicated to our mission of enhancing the vitality of the region through exceptional leadership of our cultural, social, economic and environmental assets.

Facing new challenges each day, the City of Victoria is evolving to find innovative ways of providing the highest level of service possible. We're building on the strengths of the today, to make Victoria even stronger for the generations of tomorrow.

THE CITY OF VICTORIA

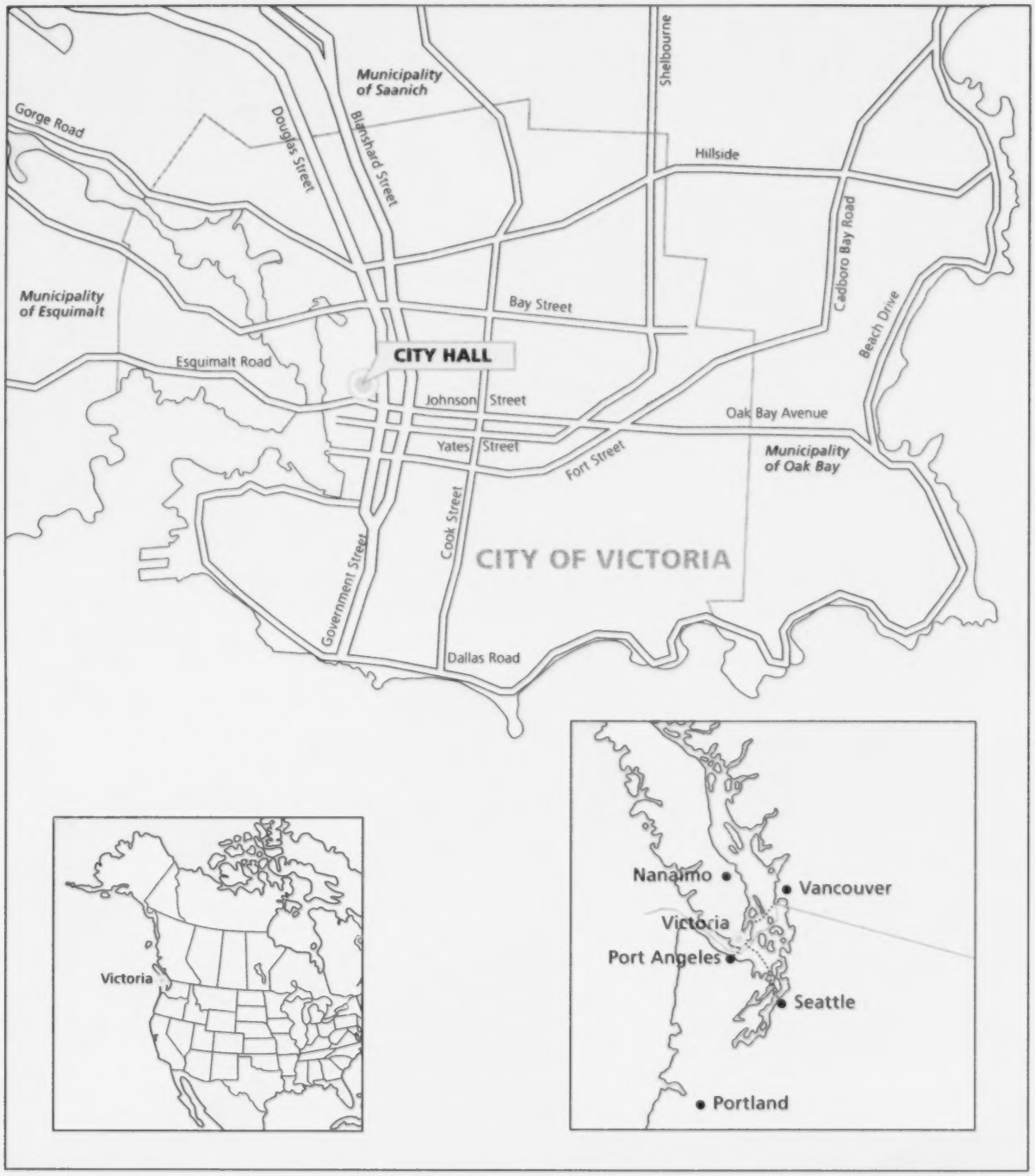
# *City of Victoria, British Columbia*

## Annual Report 2006

January 1 - December 31, 2006

This document prepared by:
Corporate Communications and Finance Department
of the City of Victoria

# City of Victoria Map



# Table of Contents

**Introductory Section**

Message from the Mayor . . . . . 4

Message from the City Manager . . . . . 6

2007 City of Victoria Corporate Organization Chart . . . . . 7

Mayor and Council . . . . . 8

The Heart of the Region . . . . . 10

Active Living . . . . . 13

A Green City . . . . . 17

Arts and Culture in the City . . . . . 21

A Growing City . . . . . 24

Victoria Conference Centre . . . . . 26

Behind the Scenes . . . . . 27

Victoria Police Department . . . . . 29

Victoria Fire Department . . . . . 31

Victoria Emergency Management Agency . . . . . 32

Corporate Strategic Plan . . . . . 33

**Financial Section**

Message from the Director of Finance . . . . . 34

Financial Reporting Responsibility . . . . . 36

Auditors' Report to the Mayor and Councillors of the Corporation of the City of Victoria . . . . . 37

Consolidated Statement Of Financial Position . . . . . 38

Consolidated Statement Of Financial Activities . . . . . 39

Consolidated Statement Of Changes In Financial Position . . . . . 40

Notes to Financial Statements . . . . . 41

Consolidated Statement of Financial Activities and Fund Balances - Operating Funds; Schedule A . . . . . 53

Consolidated Statement of Financial Activities and Fund Balances - Capital Funds; Schedule B . . . . . 54

Consolidated Statement of Changes in Reserve Funds Schedule C . . . . . 56

**Statistical Information** . . . . . **57**

# *Message from the Mayor*

*Mayor*
*Alan Lowe*

## *Dear Fellow Victorians,*

On behalf of Victoria City Council, I am proud to present our 2006 annual report which outlines the City of Victoria's initiatives and accomplishments over the previous year. We continue to work to reach our goals, as articulated by you our residents.

The year was one of renewal; most significantly a renewed commitment to the priorities identified through dialogue with the community. A major undertaking in establishing and meeting those priorities was the development of the Corporate Strategic Plan which outlines our goals and our strategies for reaching them. As a living document, the plan will be regularly updated to ensure citizen voices continue to be heard in planning the direction of Victoria's future.

In 2006 work continued on the things that matter most to our residents: a greener city, a safer city, a city that recognizes and preserves its culture and heritage and one that encompasses a dynamic downtown.

The environment has emerged as a local and global priority and our actions reflect our focus on this important issue. Twenty-seven small vehicle parking spaces were added to the downtown core as well as several new bike lanes. The City's fleet of diesel-powered vehicles was converted to bio-diesel. Dockside Green has broken ground and continues to be a model of environmental development, leadership and sustainability.

An investment in our community means an investment in our youth. The redevelopment of Central Park, including a new playground and *Sport Court*, was launched with the support and participation of Victoria's own Steve Nash and continues to be used extensively by our youth. Arts and recreation go hand in hand with quality of life. With this in mind, the City hosted a successful *Arts in the City* Festival and the first *Victoria International Arts Symposium*.

Winter weather presented new challenges and tested our resources. Our extreme weather protocol was put to the test, with more of our residents requiring emergency shelter on more nights than in the previous year. This protocol successfully demonstrated our capacity to cope with extreme weather as well as the need to be prepared for such events.

We continue to work closely with our downtown partners including the Downtown Victoria Business Association, Tourism Victoria, Victoria Chamber of Commerce, Downtown Residents Association and other groups interested in downtown revitalization. We undertook an extensive consultation process to confirm residents' vision, principles and goals as part of our downtown plan review. This process confirmed that our citizens want a vibrant, walkable, mixed-use downtown core.

Gradually, we are realizing our vision of becoming Canada's most liveable city. In 2007 we will continue to be guided by the priorities mandated by our residents. Our success will be defined by, and reflected in, our citizens' quality of life. I would like to take this opportunity to thank all members of Council and staff for their hard work and commitment to public service. I look forward to another successful year in 2007.

Sincerely,

Alan Lowe

Mayor Alan Lowe

# Message from the City Manager

*City Manager*
*Penny Ballantyne*

For those of us fortunate enough to call Victoria home, we are truly blessed. We live in one of the most beautiful small cities in the world, with many of the amenities found in much larger centers. Victoria offers a quality of life considered one of the highest in Canada and, indeed, the world. We are blessed to live here, and as employees we are privileged to work for the organization committed to making it world-class.

Our parks and outdoor spaces are designed to celebrate our spectacular natural setting. And in combination with our mild climate and the compact nature of our city, you can't help but walk and bike to get around. Our arts community offers a staggering range of experiences, from show-casing emerging local talent to world-class performers. And our cultural institutions provide a continuous stream of enriching exhibitions and events. We strive to balance new growth in a way that respects Victoria's past and preserves our quality of life, while incorporating modern urban design and higher density. Our City is truly a blend of the best of the old and the new.

As City employees, we take great pride in ensuring that Victoria is a brilliant place to live, work and play, for our 78,000 residents, our Capital Region neighbours, and the millions of global visitors who enjoy all that Victoria has to offer.

Fulfilling our vision – to make Victoria the most liveable City in Canada – is not without its challenges. I am confident that through strong leadership, thoughtful decision-making and hard work, our skilled workforce can meet those challenges and find innovative solutions.

It is my great privilege to work with Mayor and Council, and all City staff. A main focus in the upcoming year will be the implementation of the Corporate Strategic Plan. Setting the course for the next three years and building on previous strategic plans, the results-driven plan incorporates the thoughtful input of citizens and stakeholder groups. It will guide all other planning processes within the City and will make certain the organization's priorities and budgets are connected.

Having just started as City Manager in January 2007, I was not here to witness the accomplishments highlighted in this report, but I am extremely encouraged by the work underway and expect a very productive year in 2007.

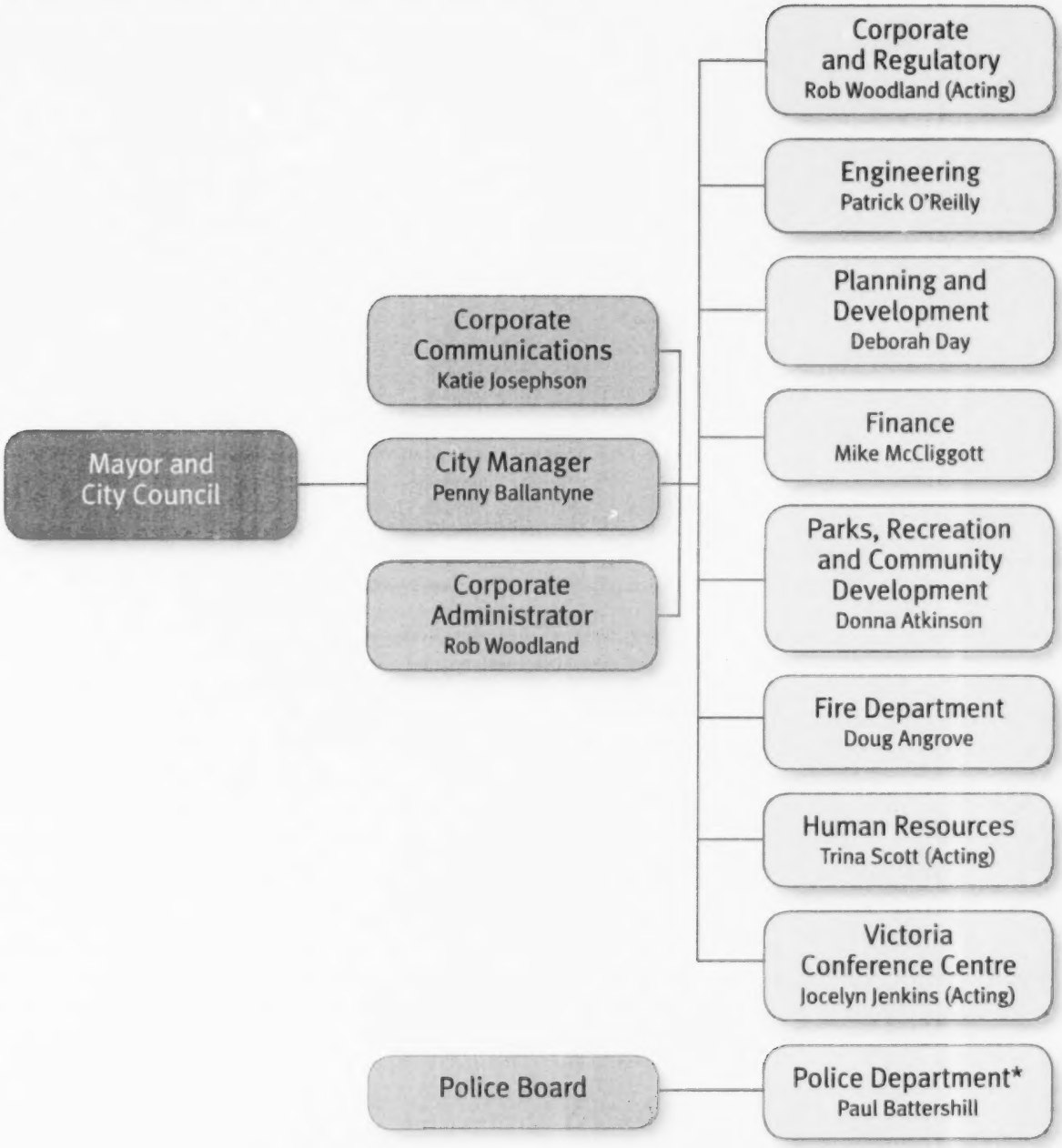
I am discovering that Victorians are passionate about our city and its future. We, at the City, share that passion, and look forward to building on the many achievements highlighted in this report. Victoria has a wonderful sense of community, which is apparent within the city itself and is ever present within the walls of City Hall.

Sincerely,

P. Ballantyne

Penny Ballantyne
City Manager

# 2007 City of Victoria
# Corporate Organization Chart




* *The Police Department reports to the Police Board which is chaired by the Mayor.*

## *Sonya Chandler*

**Neighbourhood:** Oaklands / South Jubilee / North Jubilee
**Portfolio:** Environment / Youth Liaison / Deputy for Parks & Recreation / Social Planning
**Regional Committee:** CRD water supply system / CRD Alternate for Fortin
**City of Victoria Committee:** Environment & Shoreline Advisory Committee / Dockside Green Community Liaison Group

## *Dean Fortin*

**Neighbourhood:** North Park / Blanshard / Hillside Quadra
**Portfolio:** Finance-Personnel / Social Planning / Deputy for Environment
**Regional Committee:** Regional Housing Trust Fund / CRD Core Area Liquid Waste Management Committee / CRD Housing Corporation Board / CREST
**City of Victoria Committee:** Advisory Social Planning Committee

## *Chris Coleman*

**Neighbourhood:** James Bay
**Portfolio:** Finance-Personnel / Economic Development / Deputy For Housing / CRD Alternate for Geoff Young
**City of Victoria Committee:** Victoria Athletic Commission

## *Bea Holland*

**Neighbourhood:** Rockland
**Portfolio:** Seniors Liaison / Planning / Harbour / Deputy for Heritage
**Regional Committee:** Board of Cemetery Trustees / Greater Victoria Harbour Authority / Greater Victoria Labour Relations / Regional Transit Commission / CRD Water Supply System Alternate for Young
**City of Victoria Committee:** Advisory Design Panel / Advisory Planning Commission / Private Property Maintenance Committee (PPMC)

## *Helen Hughes*

**Neighbourhood:** Fernwood
**Portfolio:** Housing / Deputy for Downtown
**Regional Committee:** Family Court / GV Public Library Board
**City of Victoria Committee:** Advisory Housing Committee / Honourary Citizens Committee, PPMC

# Mayor and Council

The Mayor and Council of the City of Victoria were each elected for a three-year term in the municipal election held in November 2005. Each member is appointed to standing portfolios, City and regional committees and is responsible for a particular Victoria neighbourhood.

## Mayor Alan Lowe

**Portfolio:** Emergency Planning
**Regional Committee:** CRD Core Area Liquid Waste Management / Committee Chair Finance & Corporate Services Committee / Regional Transit Commission / Greater Victoria Labour Relations
**City of Victoria Committee:** Victoria Conference Centre Advisory Board / Victoria Police Board

## Pamela Madoff

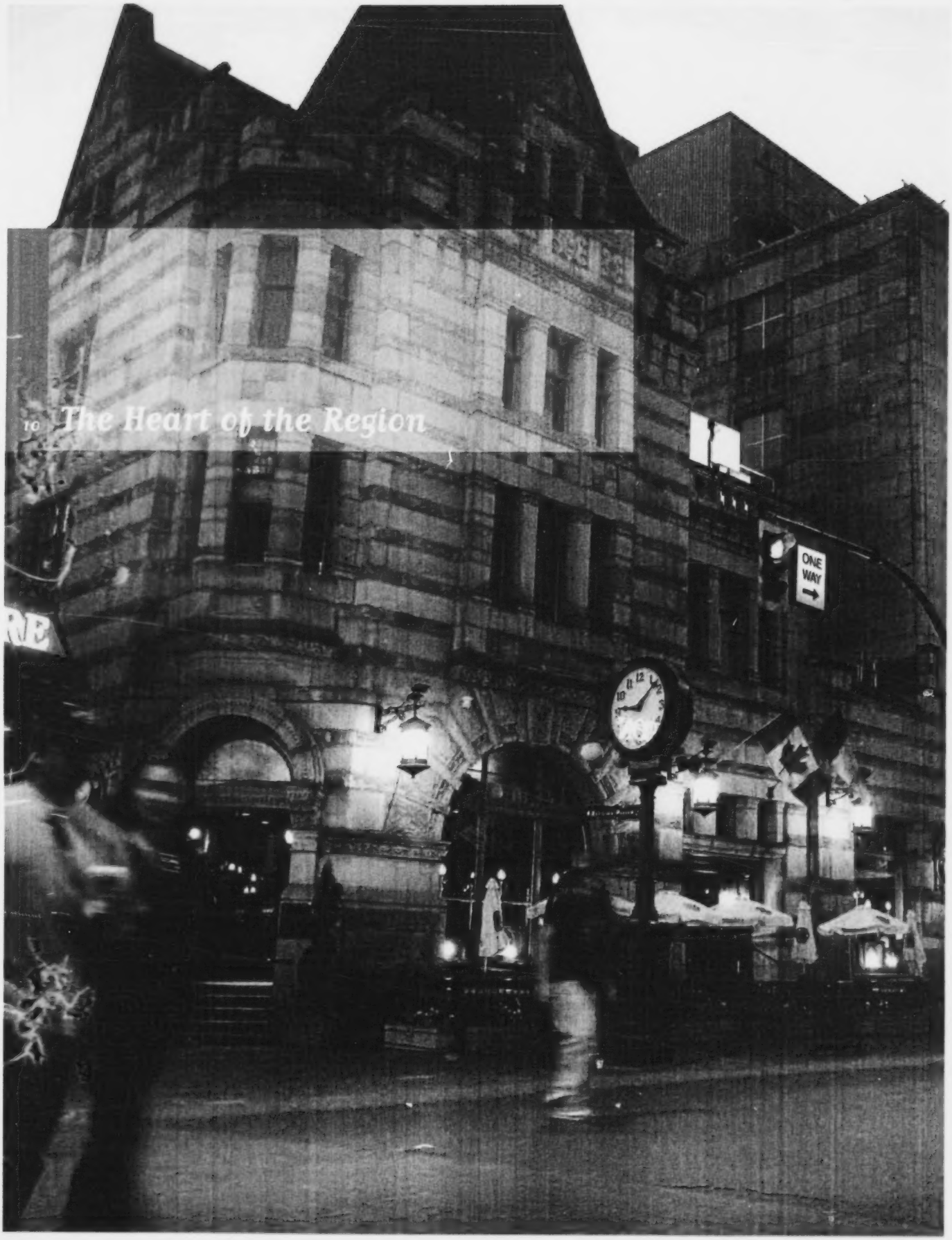
**Neighbourhood:** Burnside Gorge / Vic West
**Portfolio:** Parks & Recreation / Arts & Culture / Deputy for Transportation
**Regional Committee:** CRD Arts Committee / Royal & McPherson Theatres Society / Provincial Capital Commission / Victoria Parks & Recreation Foundation / CRD Water Supply System / Alternate for Chandler
**City of Victoria Committee:** Advisory Parks & Recreation Committee / Public Art Advisory Committee / Victoria Conference Centre Advisory Board / Dockside Green Community Liaison Group

## Charlayne Thornton-Joe

**Neighbourhood:** Downtown / Harris Green
**Portfolio:** Downtown / Heritage / Deputy for Planning
**Regional Committee:** Tourism Victoria / CRD Alternate For Mayor / CRD Water Supply System / Alternate for Fortin
**City of Victoria Committee:** Downtown Advisory Committee / Heritage Advisory Committee / Victoria Civic Heritage Trust / Victoria Conference Centre Advisory Board / Victoria Heritage Foundation / Private Property Maintenance Committee (PPMC)

## Geoff Young

**Neighbourhood:** Fairfield / Gonzales
**Portfolio:** Transportation / Finance-personnel (Chair) / Deputy for Harbour
**Regional Committee:** Capital Regional District; CRD Core Area / Liquid Waste Management System / Environmental Committee Vice Chair / Parks Committee / Provincial Capital Commission / Rep. for Island Corridor Foundation
**City of Victoria Committee:** Advisory Cycling Committee / Advisory Transportation Committee / Rep. for Island Corridor Foundation / Private Property Maintenance Committee (PPMC)


ONE
WAY

## *Beautifying Downtown*

An attractive and vibrant downtown encourages tourism and economic development, as well as builds community spirit. The City of Victoria takes great pride in maintaining a clean, attractive and safe metropolitan core.

- A well-known Victoria tradition, each year 1,600 hanging baskets adorn City lampposts.
- Victoria's gardens are the City's welcome mat to millions of visitors each year. Grown in the City's nursery, 14,300 summer plants, 12,700 winter plants and 4,700 bulbs were planted in the downtown.
- Twenty-two new cluster lights were installed on Belleville Street
- New decorative lights were installed along Douglas Street corridor and the City coordinated holiday tree lighting on Douglas Street.
- Started painting upgrades to Yates and Johnson Street parkades and a new banner design was developed and installed downtown.

## *Intergovernmental Relations*

Every urban centre in Canada faces challenges that can only be solved through cooperation among all levels of government and the community. Over the past year, the City, with its government and community partners, have continued to work on creating greater economic diversification, increasing affordable housing, strengthening Aboriginal relations, improving public health and safety, and cultivating a sustainable city. In 2006, nearly $1 million in additional funding for these priorities was secured from provincial and federal government programs. Highlights include:

- The Victoria Youth Empowerment Society, with support from the tourism and hospitality sector, began to design a proposal for a Youth Hospitality Training Centre. The project aims to address hospitality industry labour shortages by providing unemployed youth with life skills and hospitality training.
- Efforts to look at alternative approaches to addressing crime reduction were initiated. Using best practices from across North America, a case management model is being developed to divert some of Victoria's chronic offenders into alternative supports to address the root causes of their criminal behaviour, such as mental illness, substance use, lack of literacy, or housing barriers.
- In August, the City of Victoria and the Te'mexw Treaty Association co-hosted a salmon barbecue in Beacon Hill Park, the traditional territories of the local First Nations. More than 600 people feasted together. Chiefs and Mayors built relationships that will enable them to break down some of the barriers that currently exist between municipal and First Nations leaders.
- With support from the Ministry of Health and the VIHA, the Centre for Addictions Research of BC started preparing options for responding to substance use in Victoria to address public health and safety concerns.

## *Downtown Vitality*

Victoria is a vibrant city with a number of world-class special events such as Luminara, and Symphony Splash. The City supports events that add to the vibrancy and livability of our great city. In 2006:

- A successful relocation of the Latin Caribbean festival from Market Square to the Inner Harbour took place.
- Development of Heritage Walking Tour Maps began. A series of four self-guided walking tours to provide interesting stories and descriptions from Victoria's colourful past. Themes include Chinatown, Gold Rush era, crime and law enforcement, and haunted places.
- Sound management practices for festivals and events were improved.

## Homelessness Initiatives

- Coordinated Victoria's Extreme Weather protocol for the third season with steady increases in need due to inclement winter weather conditions.
- Supported the *Out of the Rain* Shelter Coalition through a grant for $20,000 for operations during the 2006/2007 extreme weather season.
- Developed and implemented a Good Neighbour Agreement for relocation of the Open Door to Johnson Street in partnership with the Our Place Society, DVBA and Police.
- Provided funding for *Divine Shelter* at St. John the Divine Anglican Church for a six week period and implemented a Good Neighbour Agreement to address neighbourhood concerns.
- Staff RESPOND team managed several issues in downtown and other neighbourhoods integrating input from several City departments. RESPOND provides collaborative and operational action to resolve pressing community issues.
- A public urinal trial project was introduced to address the issue of public urination from bar goers and homeless.

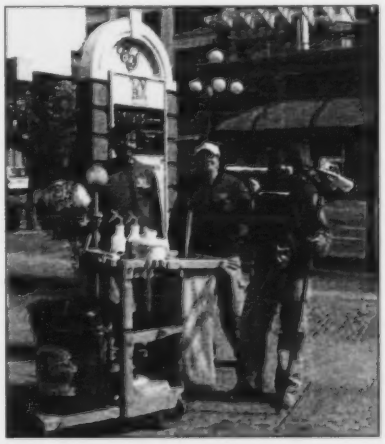
## Parking Improvements

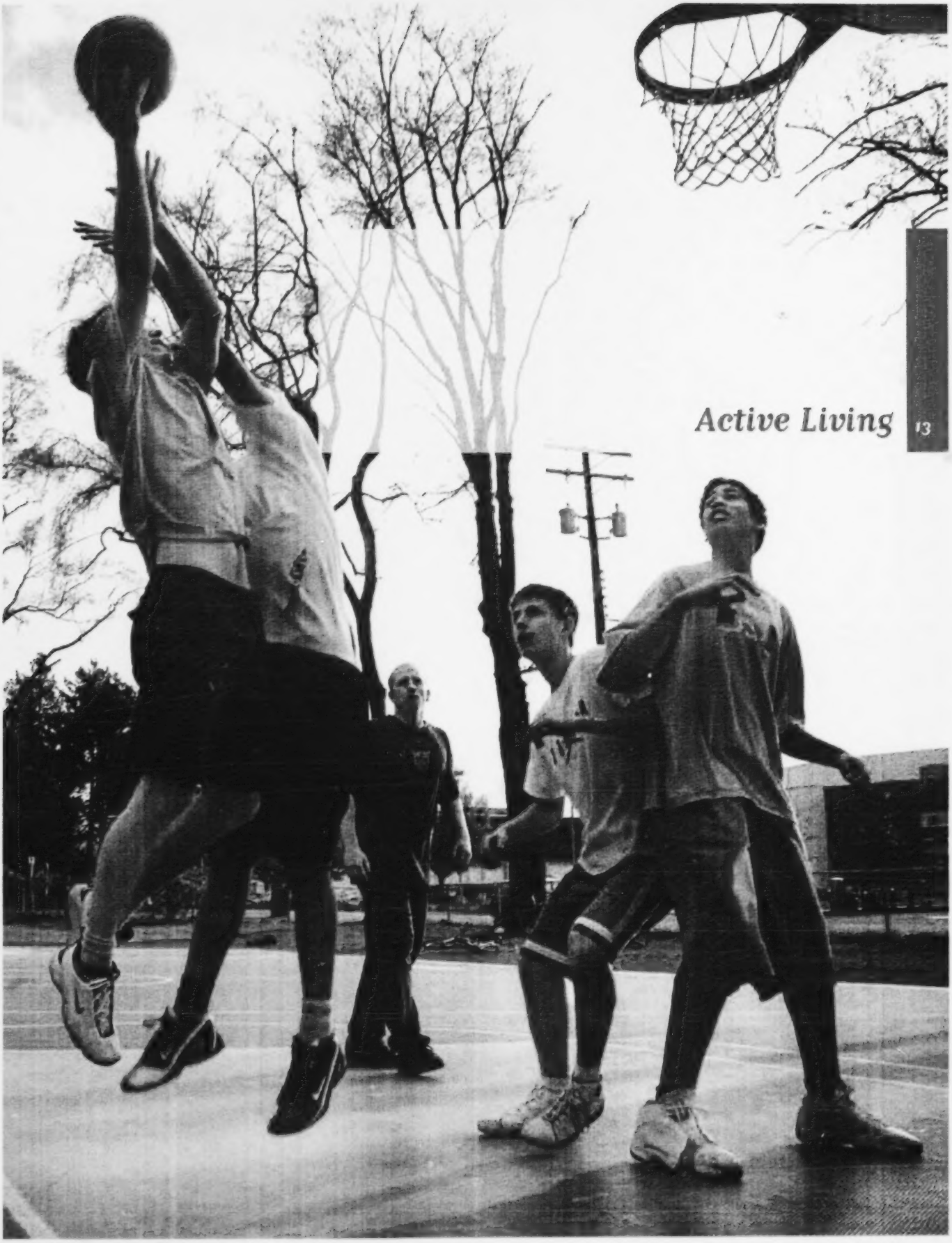
Approximately 8,500 parking stalls, on-street and within parkades, are located throughout the downtown. Managing on-street parking and five downtown parkades, the City has been developing a new parking strategy to make certain that parking is safe, available, and efficient. In 2006:

- A safety and security review of parking lots and parkades was conducted resulting in recommendations for improvements to be undertaken.
- City Council approved structural rehabilitation of four parkades extending service for another 20 years.
- New parking meters were installed in the 500 block of Herald street.
- Over 13,000 pre-paid Meter Cards were sold.
- Parking incentives, such as free Sunday parking in City of Victoria parkades and *First Hour Free* coupons, were provided to support downtown businesses.

## Clean and Safe, Block by Block

Initiated in 2005, the Downtown Victoria Business Association (DVBA), partnered with the City, Police, and social service providers to develop a program called Downtown Clean & Safe: Block by Block. By simply working, block by block, partners are committed to transforming downtown into what everyone acknowledges to be a welcoming and safe destination. In 2005, the Solicitor General's Crime Prevention and Community Safety Award for "an outstanding contribution towards crime prevention and community safety in British Columbia" was awarded to the Block by Block partners.





The City of Victoria places great emphasis on providing meaningful opportunities for active living. Whether it is a stroll through one of the 68 parks managed by the City, or through a yoga class offered through seasonal recreation programs, opportunities abound to get moving, stay fit and socialize.

In addition to the health and social benefits provided by parks, public greenspaces can be linked to community aesthetics, heritage and transportation patterns.

## Upgrade to Inner City Park

Partnering with the Steve Nash Foundation and S'Cool Life Fund, the City undertook a major renovation of Central Park. A large new playground, NBA size basketball court, public plaza with furnishings, irrigation and a new ornamental/native planting area were added. Olympian Silken Laumann joined citizens and staff to officially open the playground, the final piece of the Central Park revitalisation, in October.

## Nash Comes Home

To the delight of over 5,000 spectators in attendance, the NBA's *Most Valuable Player* Steve Nash came home to Victoria, to celebrate the revitalization of Central Park and build a legacy of community spirit for future generations.

## Mapping the Future of City Parks

Victoria's first Parks Master Plan, a long term strategic document outlining future directions and focus areas for City parks, was initiated in 2006 with two community meetings held to gauge public awareness, and solicit feedback about proposed processes.

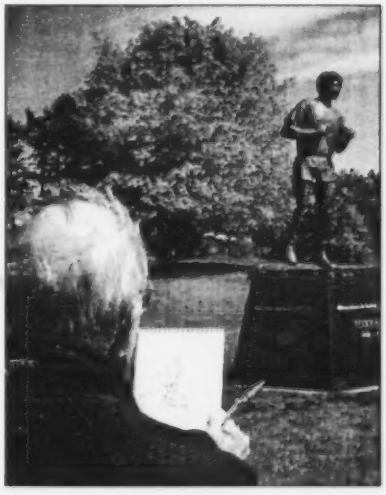
## Victoria's Recreation and Community Services

Established common ground with community stakeholders regarding the delivery of recreation and community services. The vision, values and key beliefs were set, laying the foundation for proceeding with the planning processes for neighbourhood and community centres and the city center, which includes Crystal Pool & Fitness Centre, Royal Athletic Park, and community partners such as Victoria Curling Club and Silver Threads.

## Ross Bay Cemetery

Established in 1873 and spanning 27.5 acres, the Ross Bay Cemetery is a superb example of a Victorian-era burial ground, located on Fairfield Road overlooking the Pacific Ocean.

- In 2006, 65 new plots were marketed and approximately 200 additional plots will be marketed over the next two years.
- Improvements were made to the perimeter of the southwest corner of the cemetery, including improvements to the War Graves area funded by the War Graves Commission. New grave markers were erected to pay homage to Commonwealth Forces who died during WW1 and WW2.



## Community Gardens

New, food-producing community gardens were established in Banfield Park and Wark Street Park. A common area for neighbours to socialize and work together to cultivate plants and food, these gardens will soon produce a variety of fruits, berries, herbs and nuts for harvest.

## Eat Well, Get Moving

Established in partnership with the Vancouver Island Health Authority and regional recreation departments, the *Eat Well, Get Moving* program is a healthy eating and physical activity tracking program that garnered much interest and participation.

Particularly successful in grades four and higher, the program included program cards to track activity, incentives and promotions by public health nurses in local schools. Twenty-eight entire schools participated in the program.

## Recreation Programs Continue To Grow

Program growth continued with a steady increase in existing programs and outstanding numbers being achieved in some new offerings. Highlights for 2006 included:

- 552 Participants in the 2nd Annual Victoria Dodge Ball Championships at Save-On-Foods Memorial Centre.
- New partnerships resulted in successful outdoor pursuits programs being developed such as sailing, gardening, and lama trekking.
- Summer camps were 93% full with 120% of revenue goals reached.
- Health sector partnerships have created client-driven programs for mentally-ill clients.

## Dog Friendly Parks

Preliminary results from a 2006 evaluation of the *Dogs in Parks* program indicate that the off-leash areas have been very well received and negative impacts have been minimal. Off-leash areas exist in Topaz, Oswald, Arbutus, Victoria West, Alexander and Redfern parks.

## Banfield Park

A number of park improvements were completed at Banfield Park, located in Victoria West. New features include a multi-use play court, improved playing field with irrigation, new pathways and furniture and a shoreline restoration using bio-engineering principles.

## Beacon Hill Playground

The extremely popular Beacon Hill Park playground was replaced in the fall. Designed with accessibility in mind, new equipment includes spiral slides, swings, and climbing walls.

## The Watering Garden

Replacing the closed wading pool in Beacon Hill Park, a proposal for a *Watering Garden*, was approved. Created by the architectural firm of Pechet and Robb Design, the water play feature is designed to be visually interesting in all seasons, including the rainy days of December.

## Leisure Involvement For Everyone (LIFE)

Designed to ensure access to recreation for all citizens, this program saw continued growth with 2,817 citizens participating. Since its inception, this program has been fully supported at the City of Victoria's three major facilities and our 10 jointly operated senior and community centres.

Understanding the importance of active communities, numerous corporate sponsors have joined the City and other regional recreation departments to assist in offering additional low or no-cost recreation opportunities. Corporate sponsors include: Coast Capital Savings, Save-On-Foods and Canadian Tire.

## Grants And Contributions

More than $1 million in grants and private contributions has been leveraged to provide vital infrastructure and expand parks and recreation services in coming years.

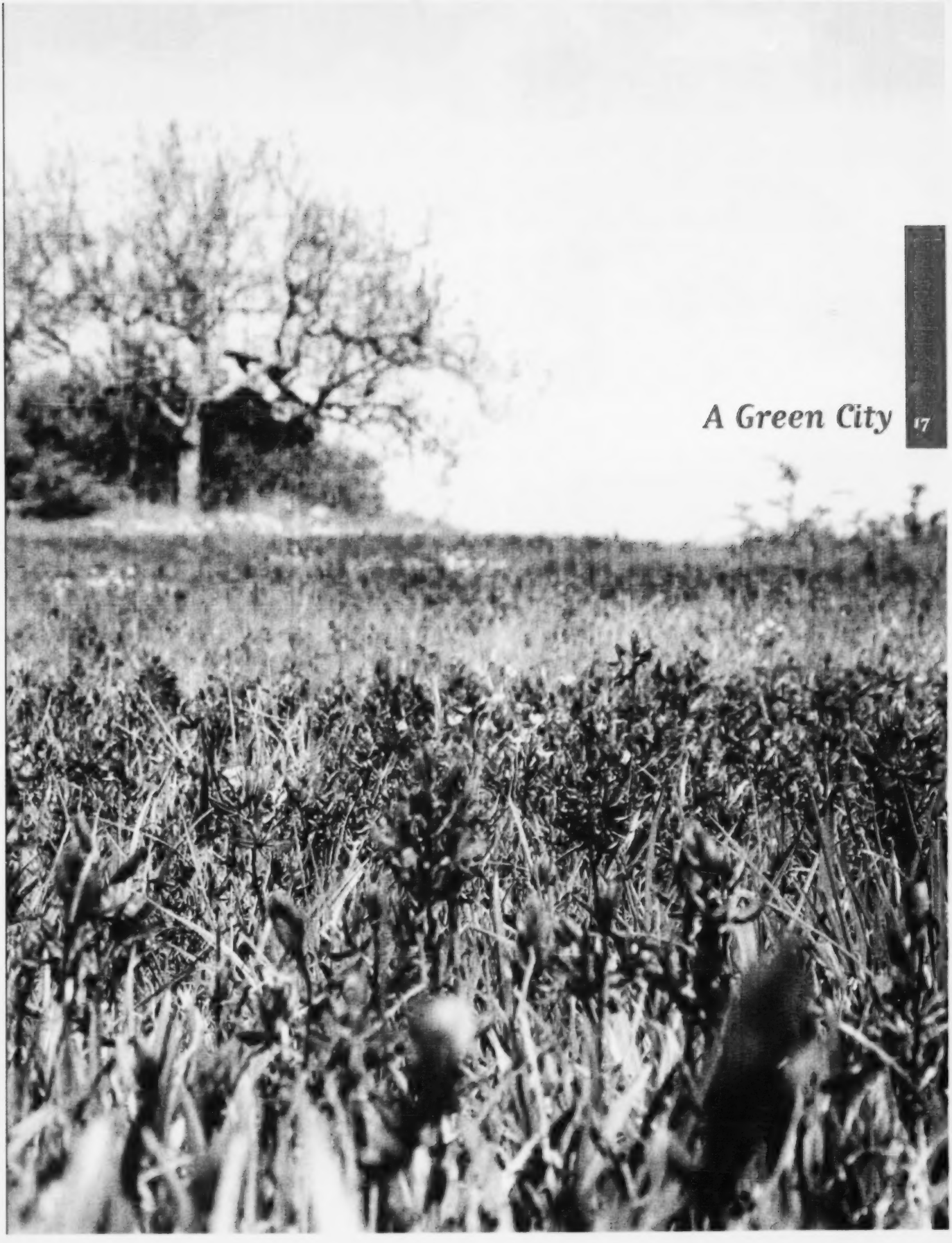
## FIFA U-20 World Cup Coming To Victoria

Planning began for Royal Athletic Park to host FIFA U-20 World Cup Canada in July 2007. Victoria is one of six Canadian cities chosen to host this three-week long tournament, involving 24 nations and 52 matches.

FIFA U-20 World Cup is the second largest soccer event in the world and will be the largest single sporting event in the history of Canada. 100,000 people are anticipated to attend the seven games in Victoria, providing significant economic benefits.

## Olympic 2010 Live Sites Funding

$330,000 was received for additional lighting, mobile bleachers, stadium seating and staging for Royal Athletic Park, through the Provincial Olympic/Paralympics 2010 Live Sites Program. This will increase capacity to host national and international arts, culture and sporting events locally and regionally. Funds were raised in conjunction with the Greater Victoria Sports Hall of Fame to develop a permanent exhibit, which will celebrate local Olympic achievements.



## *Alternative Modes of Transportation*

- Created 27 new "small vehicle" parking spaces in downtown Victoria by converting unusable curb space. Vehicles less than three metres in length including motorcycles, scooters, and mopeds now have more parking spaces than before. This initiative supports the City of Victoria's continuing efforts to encourage alternative modes of transportation that lessen impacts on the environment.
- In partnership with the Township of Esquimalt, restoration of the Westsong Way Bridge, a popular pedestrian commuter bridge began. The bridge will incorporate several cutting edge environmental features including a solar and wind powered pathway light, a solar powered trash compactor, and stabilization of the adjacent bank through the use of bioengineering techniques.
- Continued implementation of the Bicycle Master Plan with 1.8 kilometres of bike lanes added to downtown roads.
- In partnership with BC Transit and provincial and federal governments, phase one of the Douglas Street Transit Priority Project was substantially completed. This $3 million dollar project will enhance transit service to the downtown core to encourage less travel by car.
- The City's fleet of diesel powered vehicles was converted to bio-diesel and the City added several fuel-efficient Smart cars to its inventory. Fleet Operations also adopted several other environmental initiatives including citrus cleaners for cleaning vehicle parts, and solar panels and LED light technology to reduce the need to idle vehicle engines at job sites.
- Several mid-block crossings, traffic calming realignments and pedestrian signals were installed to improve accessibility for wheelchairs, strollers and pedestrians.

## *Sustainable Future*

Whether it is the use of trenchless technology to repair pipes, replacement of catch basins to improve stormwater quality, or making commuting by foot, bike or transit easier, the City is constantly exploring new ways of being sustainable. We continue to find new ways of conducting every day activities with less impact on the environment.

## *Environmental Education And Awareness*

- Held during National Public Works Week in May, Public Works – the Heart of Every Community was the theme for the 7th annual Public Works Week. Over 850 children from grades four to six toured interactive demonstrations to learn more about the variety of services the Engineering Department delivers such as water distribution and storm-water protection, garbage collection, road and sidewalk maintenance, traffic signals and streetlights.
- Highlighting the need to be mindful of residents and businesses put down their drains, four-inch stainless steel markers with a starfish design were installed next to roadside storm drains. Common daily activities can affect local waterways. Dirty soap from car washing, fertilizers and pesticides, pet waste, motor oil and gas can easily flow directly, or as run-off when it rains, into storm drains.

## *More Greenways*

Implementation of the Greenway Plan continued with construction of a new walkway from Wharf Street to the harbour waterfront near the foot of Broughton Street.

Two Greenways Matching Grants were awarded:

- **Five Corners Upgrade Project** (Fairfield Community Association): upgrading the Moss and Oscar street intersection, removing a fence, adding benches, bollards, tree grates, landscaping, plants and street trees.
- **James Bay Village Greenways Project** (James Bay Community School Society): Installing a compass rose at the five corners, improving aesthetic and design and walk ability of village core.

## *New Technology*

- Sustainable construction practices including "trenchless technology" to repair underground pipes have been utilized. This new practice reduces construction costs by approximately 75%, and reduces greenhouse gas emissions by 83% compared to conventional construction techniques.
- Installation of 75 new catch basins occurred to improve quality of stormwater discharged into the harbour. Replacing the older style, small sump catch basins with larger ones, and the installation of a trapping hood, will drastically reduce the amount of floatable oils, garbage and chemicals flowing off the roads into the harbour.

## Green Buildings

- An integrated waste management pilot was implemented in City Hall to eliminate organics from the garbage and improve on existing recycling of bottles, cans and office paper. Within the first six months, the program demonstrated a 50% reduction in the amount of waste headed for the landfill.
- Changed all janitorial cleaning products to alternatives that have less impact on the environment.
- A new sustainable buildings policy for both civic buildings and private development was initiated. With significant input from the Green Building Information sub-committee and a $10,000 grant from the Community Action on Energy Efficiency pilot project, a draft policy for civic buildings will be presented to City Council for consideration in 2007.

## Tree Nursery Relocated

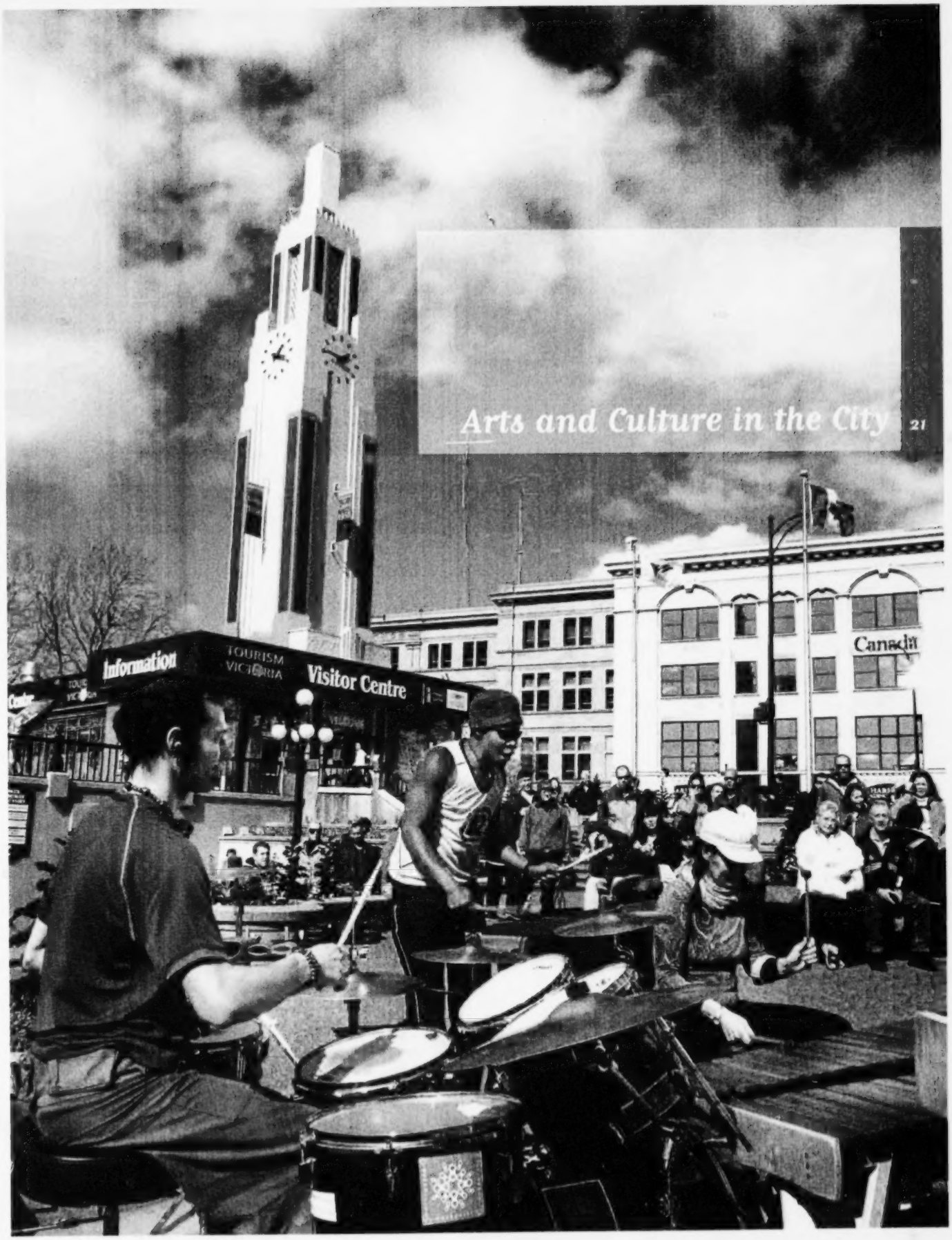
Relocated and cultivated a tree farm on the Saanich Peninsula to support the revitalization of Victoria's urban forest. Planted over 650 new trees and cultivated approximately 1,000 trees to be planted in 2007. Over 4,000 trees will be planted and rotated over the next five years.

## Going Natural

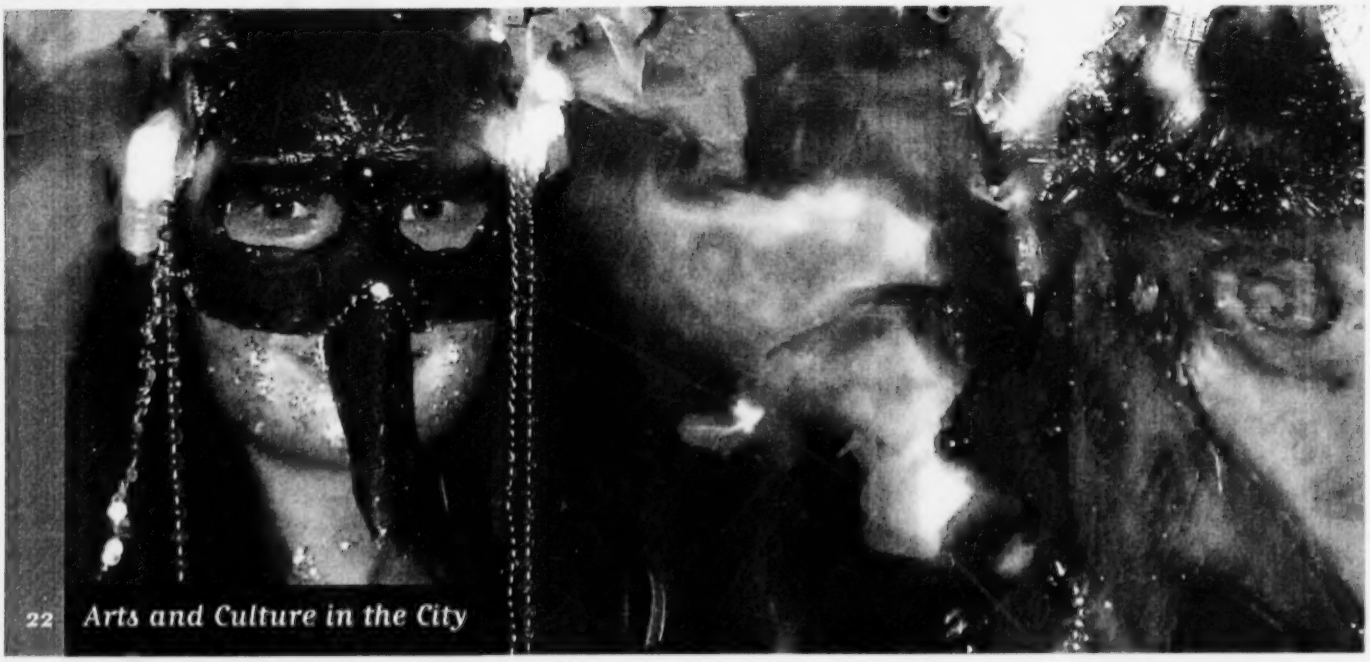
Transformation of an old Fairfield parking lot into natural parkland was made possible through a $4,000 grant received from the Evergreen Foundation in conjunction with Fairfield Community Association, the sponsoring body for the Southeast Woods Ecological Restoration Project. More than 1,000 native trees, shrubs, and plants were planted in the old parking lot site.

## We Love Our Trees

Victoria's first Tree Appreciation Day was held in Oswald Park in November. Many local residents worked with staff to plant 25 large ornamental trees, five Garry oaks and hundreds of native shrubs and bulbs native to the Garry Oak ecosystem. Following the planting, residents and staff participated in a heritage tree walking tour in Beacon Hill Park. A successful and rewarding day, the event created significant environmental improvements in a highly valued neighbourhood park.




# Arts and Culture in the City





Victoria is fortunate to have an active arts community and medley of cultures to enrich the quality of life for all Victorians. Arts and cultural activities have the ability to transcend all societal boundaries, encourage life long learning, bring people together, and increase awareness and tolerance for different perspectives.

## Proud to be Canadian

Over 45,000 Capital Region residents enjoyed Canada Day concerts on the Legislature lawns followed by a colourful display of fireworks to cap off the day. Highlights included Juno Award Winner Alpha Yaya Diallo and hometown favourite, the Naden Band.

## Community Public Art Program

A new program was launched for neighbourhoods to undertake public art projects such as murals or mosaics. Three projects of $12,000 each were awarded for the Burnside Heritage Mural project, the Oaklands Community Mosaic project, and the James Bay Stepping Stones project.

## Special Events

A significant increase in shoulder-season public events was noted, complementing the busy spring and summer seasons.

- 118 permits issued for special events issued.
- Improved management of event impacts, with particular attention paid to managing sound levels.

## Arts in the City Celebration

One of six projects made possible through the 2005 Cultural Capital of Canada distinction, Arts in the City was a month long celebration of the arts, that showcased dance, music, theatre and visual and media arts. Over 50 events and performances utilized 24 different venues and involved 395 local artists. An estimated 9,400 people attended one or more events.

## Victoria's First Poet Laureate

Carla Funk, was named as Victoria's first Poet Laureate, taking on the role of literary and cultural ambassador for a two and a half year term. She will raise awareness of literary arts and the positive impact literature and poetry can have on the community.

## Filming Permits

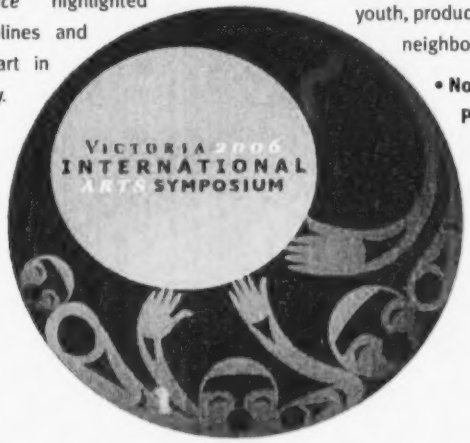
Victoria continues to be a sought after location for movies. Utilizing Victoria talent and over 90 locations, 31 permits were issued for film productions.

## *First Nations Interpretive Walk*

Coast Salish artist, Butch Dick, was commissioned to carve seven original carvings to be installed at notable points in the downtown and along the inner harbour. Each marker will note the original place name and reference the significance of the site to the culture of the Lekwungen people.

## *Victoria International Art Symposium*

Held in October, the symposium provided the opportunity for participants to discuss, debate and celebrate art and art's influence on social issues. The theme *Artists of Conscience* highlighted all art disciplines and the role of art in the community.




## *Artist-in-Residence*

Aimed at helping communities create legacy art projects and provide opportunities for community participation in the arts, the Artist-in-Residence program partnered professional artists with neighbourhoods. Four projects were awarded in 2006.

- **Fairfield Book Project** – an illustrated book with essays, poems and art photos from the Fairfield community.
- **Storytelling Our Lives** – a theatrical production of the experiences of immigrant women, produced in the North Park neighbourhood.
- **Youth Arts Activation** – an interactive visual and performance project with youth, produced in the Blanshard neighbourhood.
- **North Park Podcast Project** – involved youth producing downloadable radio programs over the Internet.

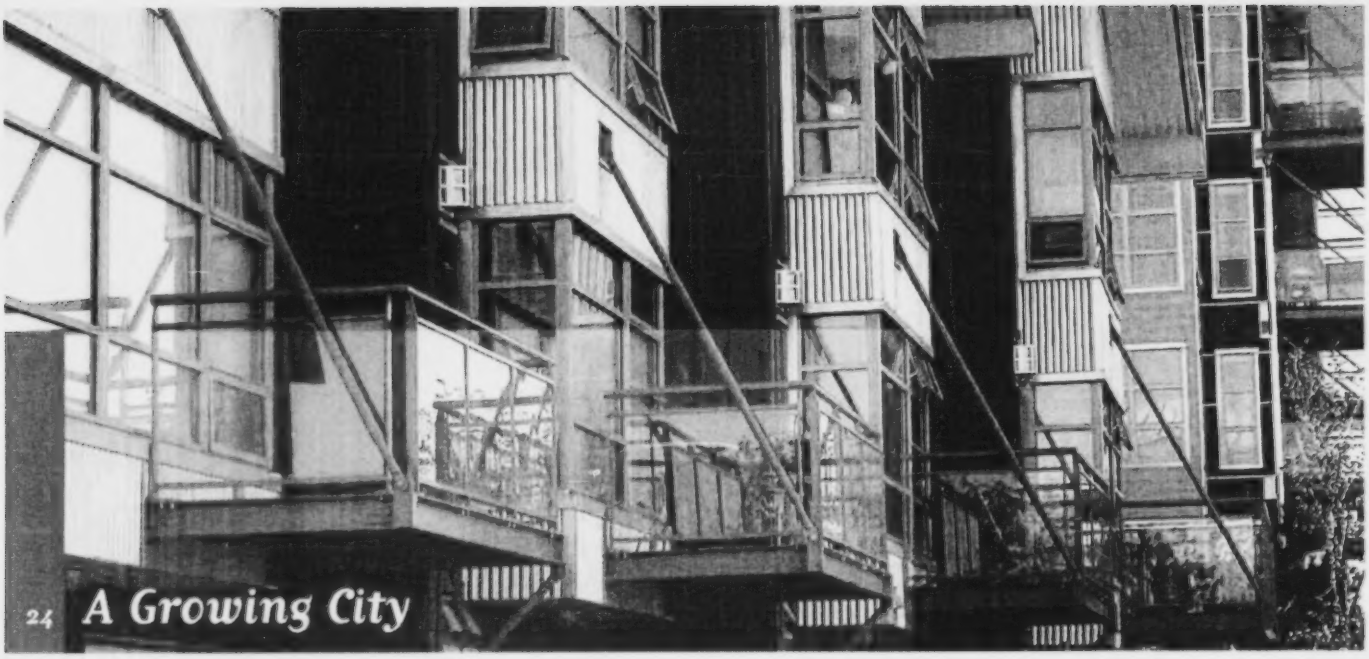
## *Marketing West Coast Arts and Culture*

Incorporating both the Cultural Capital theme *Celebrating our Diversity* and Victoria's attractive west coast lifestyle, new marketing initiatives were undertaken in partnership with Tourism Victoria. Market research provided a better understanding of visitor markets, enabling more targeted promotion of Victoria's arts and culture.

## *Protocol*

The City's longstanding relationships with it's four twin cities of Morioka, Japan, Suzhou, China, Khabarovsk, Russia and Napier, New Zealand continue to foster and promote global cooperation, cultural understanding, and economic development.

In addition to visits by Morioka firefighters and Sansa dancers, the City hosted more than a dozen school and visitor groups. The highlight of the 2006 protocol program was a visit by Her Excellency the Right Honourable Michaëlle Jean, Governor General of Canada when she made her first official visit to Victoria.





## Heritage Tax Incentives

The Downtown Heritage Tax Incentive Program provides a tax exemption to help defray the cost of seismic upgrading in heritage-designated commercial buildings in the downtown core. Of particular interest are those with vacant or under-used upper storeys that can be converted to residential units. The maximum tax exemption term is 10 years. In 2006, four major development projects were granted this tax exemption:

- Former Capital Regional District office buildings at 524-534 Yates Street
- Upgrading of the Hotel Douglas, on the corner of Pandora Avenue and Douglas Street
- Conversion of the Monaco at 1401 Government Street
- The former Nelson Music Building at 1600 Quadra Street

## Bylaw Enforcement

- Demand for bylaw enforcement continued at high levels with almost 11,000 calls for service.
- Increased enforcement of noise complaints and refuse collection occurred in the downtown.
- Victoria Animal Control Services investigated 3,423 incidents.
- Over 4,656 dog licences were sold, generating revenue of $116,093.

## Policy Initiatives

- Reviewed and improved the Community Association Land-Use Committee process for neighbourhood notifications
- Updated the Procedures Bylaw
- Concluded public consultations to expand secondary suite policy

## Dockside Green

Representing the largest development in Victoria's history, Dockside Green broke ground to start building in 2006. Set to be North America's first LEED (Leadership in Energy and Environmental Design) Platinum-certified community, the mixed-use development covers 15 acres of remediated industrial land adjacent to the Upper Harbour and downtown, between the Johnson and Bay Street bridges. In 2006, the first annual Sustainability Report was submitted by the developer to City Council.

## Acquisitions and Leases

City negotiated significant leases for Sail and Life Training Society, Carmanah, and a 30 year lease extension for Point Hope Maritime. Also, acquired eight properties, including CPR Rail tail from Sitkum Road to the train station at Store and Johnson streets.

## *Development Statistics*

Rezoning applications: 34

Development permits and development variance permits: 57

Board of variance applications: 46

Heritage alternation permits: 14

Heritage designations: 13

Design panel applications: 36

Business licences: 8,770

Business licence revenue $1.26 million

Total building, plumbing, and electrical permits: 3,391

Construction value of building, plumbing and electrical permits: $229.9 million

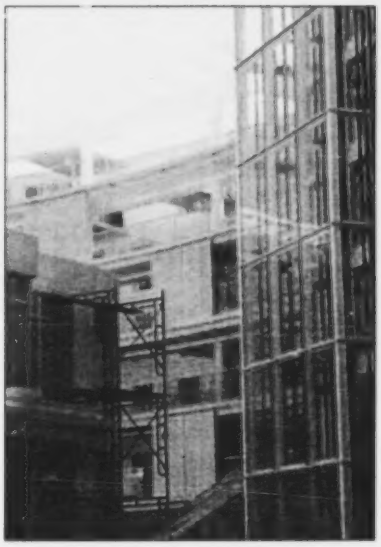
## *Update Downtown Plan*

Guiding and managing physical change in the downtown, the new downtown plan is being developed to proactively position Downtown Victoria to respond to changing demographic and economic conditions. Based on community feedback and background research, policies will be developed that will help to ensure the unique character of Victoria is preserved, while accommodating future growth opportunities and needs in the Downtown.

In 2006:

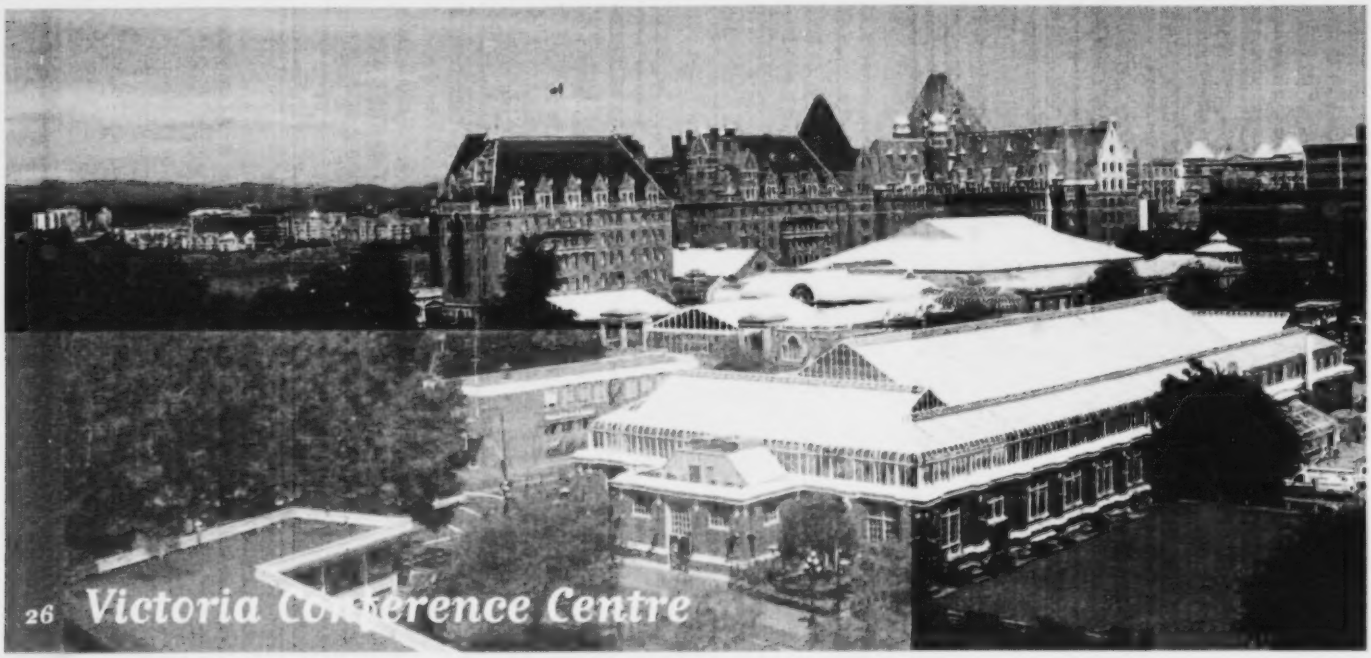
- Conducted gap analysis of 1990 downtown plan
- Completed first phase of planning process and presented draft vision, principles and goals for downtown to Committee of the Whole
- Prepared draft report on forecast demand for housing, office, retail and hotel space in Downtown Victoria 2006 – 2026
- Completed draft discussion papers on Acquiring Public Amenities from New Development and the Livability Elements of the Harris Green Design Guidelines.

Work will continue in 2007 to address interim policies for high density livability, bonus density and public amenities, and downtown height. The downtown boundary will be updated, and public consultation will continue in an effort to produce a draft Downtown Plan by the end of the year.



## *Housing Trust Fund*

- Finalized the purpose and goals of the Victoria Housing Trust Fund and approved awards to three housing projects in Victoria: Pacifica Housing Association's Irma Street project, Fernwood Neighbourhood Revitalization Group Cornerstone project, and to the Our Place centre on Pandora Avenue.
- Completed an update of the Community Resources Inventory
- Coordinated the Special Project and Program Grants programs





## Victoria Conference Centre

A record year for the Victoria Conference Centre, 2006 highlights include a record number of delegates, a successful bid for the International Congress and Conference Association 2008, negotiations to acquire the Crystal Gardens, and a review of the Centre's governance model.

## Delivering Positive Economic Impact

One of 17 convention facilities in Canada, and five in British Columbia, the Victoria Conference Centre (VCC) hosts over 230 events annually. The VCC's mandate is to generate economic impact for the region and delivers over $43 million annually to the local economy in direct delegate spending.

## A Record Year for the VCC

The centre experienced 117,919 delegate days attendance compared to 110,900 in 2005. One of the main factors was the acquisition of the courtyard pavilions which enabled the centre to host larger conferences. The centre hosted four events with over 1,000 delegates in attendance.

## Gaining Ground Internationally

Since its inception in 1989, the VCC has focused sales efforts in Canadian and US markets. Since 2003, the VCC has begun to focus on the international association market and has become a member of the International Congress and Convention Association (ICCA). One of the most prominent organizations in the world of international meetings, ICCA has over 700 members in almost 80 countries that represent the main specialists in handling, transporting and accommodating international events.

The VCC set its sights on hosting ICCA's 2008 annual congress to showcase the city to over 650 influential international conference contacts. This event is viewed as the "conference of conferences" in the international convention industry.

In October 2006, a delegation led by Mayor Lowe successfully won the bid and the VCC looks forward to hosting this key international event.

## Eye on the Crystal Garden

The City entered into a bid to lease the historic Crystal Garden space to provide over 25,000 square feet of additional space adjacent to the Centre on Douglas Street. The Crystal Garden will offer additional, and more flexible, conference space for banquet and exhibition functions and will be a captivating venue to enhance the delegate experience.

## New Governance Options

The City spearheaded a review of the VCC's governance and engaged Criterion Communications to review governance options for the centre. The VCC Advisory Committee will report on its findings to Council and stakeholders in 2007.

## Greener in 2007

In 2007, the VCC will seek accreditation from the Building Owners and Managers Association for their Go Green Environmental Certification program. This program is geared to assist building owners in integrating environmental best practices into their operations.

There is a great deal of innovative and essential work that municipal government undertakes that often goes unnoticed in comparison to more obvious services like garbage collection or road repairs. Behind the scenes, countless initiatives are in place to ensure the organization is not only efficient and effective, but inventive and progressive.

## Streamlined Process

Major inroads were made in 2005 to develop a 20-year Capital Plan and restructure the City's reserve funding formula. In 2006, the focus was on improving business systems:

- A new approach to tax collection is seeing increased customer satisfaction.
- A review of revenue business processes resulted in a significant reduction in amount of paper used.
- Attentive management of the investment portfolio and enhanced cash flow management provided a rate of return that consistently exceeded the prescribed benchmark.
- Prudent management of accounts payable improved the City's discounts on payables to almost $40,000.
- A systematic review of internal control procedures to maintain effective stewardship of the City's assets began.

## Legislative Services

A fundamental but often unnoticed area of service is the Legislative Services division. This unit is responsible for facilitating the work of Mayor and Council, managing topics of a legal or regulatory nature, coordinating council correspondence and meetings as well facilitating as major purchases or agreements.

- Planned, organized and serviced 48 Committee of the Whole meetings and 31 council meetings
- Conducted recruitment, orientation and reception for Advisory Committee members and formalized the Youth Advisory Committee role
- Facilitated Honourary Citizens nominations, selection and reception
- Assisted 33 requests for records under the Freedom of Information and Protection of Privacy Act
- Private Property Maintenance Committee adjudicated four hearings for 12 properties
- Assisted 27 businesses with changes to liquor licences

## A Proud History

- Interest in the City Archives remained strong in 2006, with some 3,000 research inquiries and visits.
- In 2006, City Archives was the beneficiary of a number of interesting donations including records of the William Green & Sons brass foundry, a collection of early transportation photographs of Tally-Ho, C&C Taxi, and the first airmail delivery flight, as well as the records of the Victoria Parliamentary Study Group.
- The City received $25,000 from the Heritage Legacy Fund of British Columbia to restore and preserve the heritage, architectural, historical and cultural value of City Hall's 1886 Clock Tower. The tower serves as a regional, national, and cultural landmark for residents and visitors.

## Human Resources

- Anticipating a competitive labour market and loss of long term employees to retirements, Human Resources is focusing on developing creative employee retention and recruitment methods to retain valued employees and make the City of Victoria an employer of choice.
- Introduced *Earned Days Off* program for exempt staff, providing more flexible work options
- A new employee wellness pass for Crystal Pool and Fitness Centre resulted in a 400% increase in staff attendance at the centre. Employee workshops on nutrition, lifestyle coaching and stress management were offered.
- Moved Community Planning division to Planning and Development Department to align social and urban planning resources

## Keeping Citizens Informed

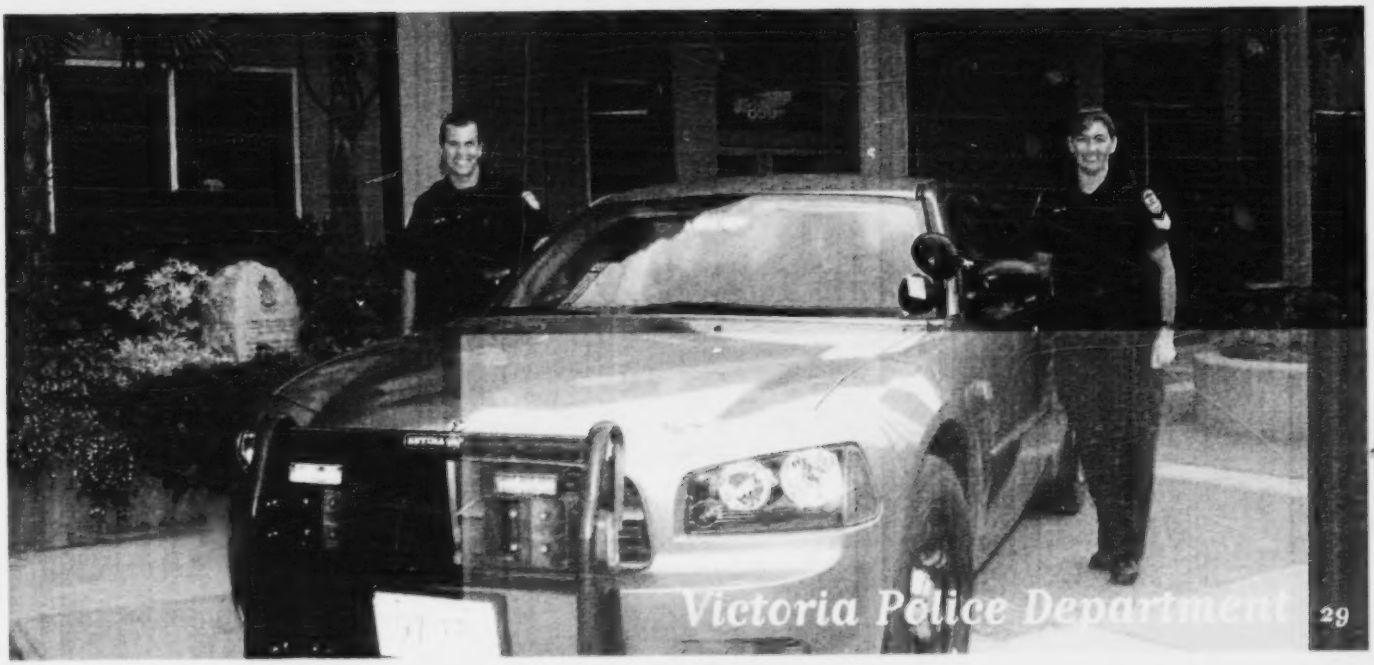
Corporate Communications works to ensure that the public, Council and staff are fully informed on issues and opportunities currently affecting the municipality. Advertising in local newspapers, working with all media outlets, and producing high-quality publications in plain language are just a few ways the City informs residents of the City's activities and opportunities for involvement.

- A survey of residents noted that newspapers and television are the preferred ways of hearing about City activities and information. With that in mind, communications staff work closely with local media outlets to reach residents. In 2006, over 80 media releases were distributed.
- City information can also be found at www.victoria.ca. Each year, the City of Victoria website receives over one million visits and is a "one-stop shop" for finding everything from meeting agendas, to recreation classes and paying property taxes.

## A Job Well Done

Awards received in 2006:

- Canadian Association of Certified Planning Technicians awarded the 2006 Merit Award 2006 - Municipal Employer of the Year, to the City of Victoria
- Smart Growth BC Smarty Award - Proposal or Process Award, was conferred to the City of Victoria and the Victoria West Community Association, for the Dockside Green Partnership.
- Premier's Innovation and Excellence Award, granted to City of Victoria for contribution to the Premier's Task Force on Homelessness, Mental Health and Addictions
- Attained the Government Finance Officers Association Canadian Award for Financial Reporting Excellence for the second consecutive year.



# Victoria Police Department



In addition to being the oldest police department west of the Great Lakes, the Victoria Police Department (VPD) has a reputation as one of Canada's most innovative and modern police agencies. The City's 221 officers benefit from the strong community support of Victoria and Esquimalt, and recognize the crucial role our 200 civilian staff and volunteers play in proudly protecting the provincial capital.

## *Anti-theft Programs See Results*

In spring 2006, the VPD launched its first Anti-Bike Theft campaign. The cornerstone was the *Protect Your Bike* publication supported by posters and widespread publicity. The *Bait Bike* program added a law enforcement component. Bike theft was down 29% in the first year and the campaign will continue in 2007.

Generating many successful arrests and convictions, 2006 was the second year that Victoria Police deployed bait cars to target auto crime.

## *An Active Role*

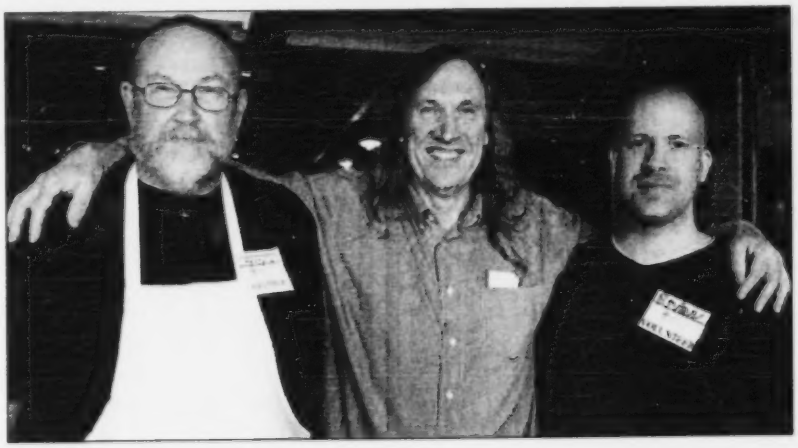
Like in most thriving cities, social challenges such as homelessness, mental health issues and drug addiction are present in Victoria. In 2006, the VPD continued to play an active role in the City of Victoria's efforts to address these challenges.

Building on the success of the "good neighbour policy" that was developed for the relocation of the Open Door in 2005, the VPD played a lead role in the safe operation of the St. John the Divine temporary homeless shelter. The department assisted in establishing over 1,400 emergency shelter bed spaces during a critical period of need.

## *Focus on Downtown*

Although the population of Victoria is over 78,000 people, the city's downtown population nears 200,000 each day as the metropolitan core of the region grows.

Each night, downtown Victoria also transforms into the entertainment center for lower Vancouver Island. This core city phenomenon presents many opportunities and challenges for the VPD as they work to ensure downtown remains vibrant and safe.



## Combating Major Crime

Investigating violent crimes places remarkable demands on police resources. In 2006, Victoria experienced three unrelated homicides in three months. At the same time, a major joint force operation between the VPD and West Shore RCMP (*Project Epaule*) was underway targetting a group of criminals involved in drug trafficking, weapons and violence.

In all three homicide cases, those responsible were arrested and charged with murder. The culmination of Project Epaule came in July when five individuals were arrested and charged for multiple offences including arson, break and enter and murder.

The year 2006 was also a year of record seizures of weapons and drugs. In March, working with the National Weapons Enforcement Support Team, over 650 firearms were seized including prohibited machine guns and handguns taken from a James Bay residence. The resident has since pled guilty and is awaiting sentencing.

In August, the Victoria Police Focused Enforcement Team obtained a search warrant for a condominium in the Selkirk Waterfront area. Representing the largest siezure in the department's history, a total of 16 kilograms of cocaine was siezed as well as a large quantity of heroin, cash and a firearm.

## Human Resources

A strong job market and shifting demographics resulted in one of the busiest years ever for recruiting and hiring of new staff. Twenty-one new police officers joined the ranks of the VPD. Many of the new officers and civilian staff are experienced law enforcement professionals who chose to leave other Canadian police agencies for the opportunity to be part of the VPD. Officers and staff hired without previous police experience were recruited with the specific aim of establishing a police department that reflects the diversity of our community.

## Looking Ahead

In the coming years, the integration of police services on southern Vancouver Island will be the focus of many new initiatives. The creation of a joint Victoria Police/RCMP Vancouver Island Major Crime Unit is well underway, as is the creation of a regional crime unit to tackle career criminals operating across jurisdictional boundaries within the Capital Region.

As well, improving the CREST radio system and the province-wide PRIME computer records system will be a focus to ensure the VPD continues to effectively serve the communities of Esquimalt and Victoria.

# Victoria Fire Department



Serving Victoria's residents and visitors since 1858, the Victoria Fire Department (VFD) is proudly committed to protecting life, property and environment through suppression, prevention, and emergency preparedness initiatives. A proud member of the community, this skilled department strives to meet the needs of the community today and anticipate the needs of future generations.

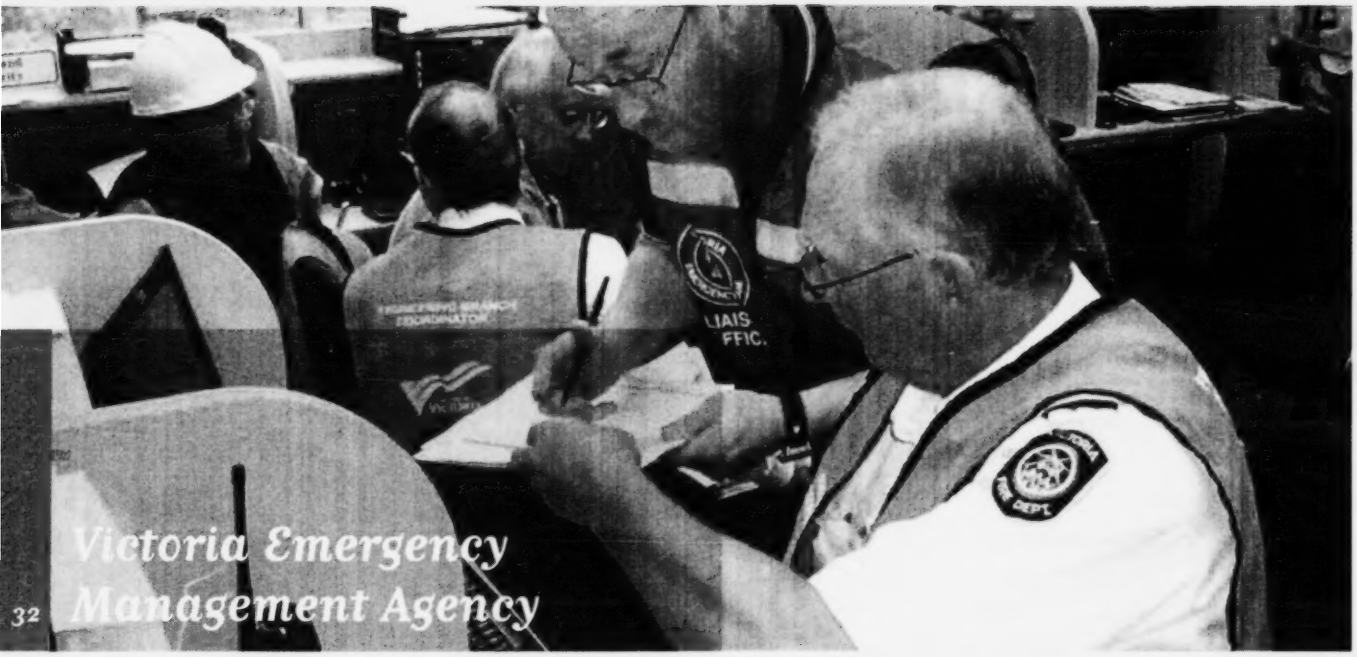
## 2006 Highlights

- No loss of life due to fires for the 6th consecutive year.
- Attended 5,559 incidents in 2006, an increase of 253 over the previous year
- $4 million in fire loss
- Two new state-of-the-art fire engines
- Moved to a standardized, accreditation based training program for fire officers and engine operators
- Partnered with Saanich Fire Department and Worksafe BC to provide Technical High Angle Rescue services to Victoria, and Tower Crane Rescue services throughout the Capital Region. This program is entirely funded by Worksafe BC at no cost to Victoria taxpayers.
- Conducted four high-rise building fire exercises with mutual aid partners; Oak Bay, Saanich, and Esquimalt fire departments
- Began renovation and seismic upgrades to the hall and construction of the training tower at Fire Station #3 on Bay Street
- Change of Command occurred when Doug Angrove became the department's 31st Chief, replacing Chief Couch who retired after 30 years with the City of Victoria

## Prevention is Key

While inspections and enforcement are the prevention division's main focus the division continues to place a strong emphasis on public education, especially for school aged children. As well, they are continually finding new ways of providing superior customer service to Victoria residents.

- 5,103 fire inspections conducted
- 45 fire investigations conducted
- Public education activities at over 40 public venues reaching approximately 600 adults and 3,100 children
- Conducted fire drills in all Victoria schools during Fire Prevention week, as well as had displays at Royal Jubilee Hospital, Sears and Value Village.
- Continued fire alarm systems upgrading program and addressing the standpipe flow test challenges.



# Victoria Emergency Management Agency



The severe winter storms in the fall of 2006 were a further reminder of the critical need to be prepared for up to 72 hours without power or aid. The Victoria Emergency Management Agency (VEMA) is a City-led initiative, supported by dedicated staff and a committed group of volunteers, to educate and train Victoria's citizens on how to prepare, respond, and recover from a major emergency or disaster.

- Residents are encouraged to prepare an emergency kit that includes water, non-perishable food, blankets, tarps, first aid kit, battery-powered radio and spare batteries, and tools such as crowbars.
- Emergency preparedness workshops are offered by on a regular basis at no-charge.
- Over the last few years, events such as Hurricane Katrina and the tsunamis in South Asia have raised the global awareness of the potential force of natural disasters. The threat of earthquakes and tsunamis is still very real on the Southern Island.
- Forming key partnerships and generating revenue, VEMA offers training in the areas of Emergency Response Management, Incident Command and Emergency Operations Centre's.
- A regional, collaborative participation in a Tsunami awareness and preparedness campaign was an important achievement in 2006. VEMA staff have contributed significantly to the design and implementation of regional Emergency Social Services.
- Extreme weather conditions were used as an opportunity to raise awareness through media interviews leading up to, and following, the weather patterns. The City acknowledges the important role of local media in times of emergency and is working to build strong media relationships.

## Emergency Social Services

A joint venture between Victoria and Esquimalt, ESS plans for, and provides, short term basic emergency needs to individuals evacuated from their home due to an emergency or disaster.

- Calling on approximately 80 active members, the ESS team responded to 17 emergency events, assisting 127 people.
- Participating in numerous community events, ESS participated in Emergency Preparedness Week, public displays, volunteer fairs, the Victoria Day Parade, and the Vancouver Island Emergency Preparedness Conference.
- With over 7,000 volunteer hours, the team maintains an intense training schedule, honing their skills for establishing emergency reception centres to assist displaced victims of catastrophic events, providing critical incident stress management and debriefings, displaced pet care, and grief counseling.

# Corporate Strategic Plan



Balancing quality services, emerging issues and community interests with limited resources is a constant challenge for municipalities. The 2007-2009 Corporate Strategic Plan was developed to focus resources and ensure accountability to Victoria citizens. It is a management tool that will guide and help evaluate City operations to ensure continuous focus on our vision of being the most liveable city in Canada.

In an effort to increase accountability, the strategic plan will change the way we report annually. In 2007, this report will adapt to communicate progress on each commitment within the Plan. Following predetermined performance measures, the annual report will be the organization's "report card" and will highlight where progress is being made and where more attention is required.

## *Vision:*

To be the most liveable city in Canada

## *Mission:*

To enhance the vitality of our region through exceptional leadership and stewardship of our cultural, social, economic and environmental assets

## *Council Goals:*

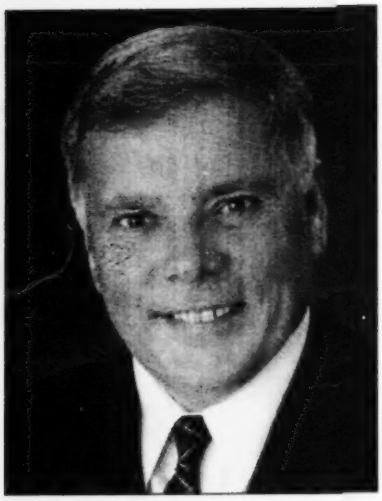
Environmental Sustainability: to protect and enhance our natural and built environment

Social and Cultural Development: to enhance the quality of life for all present and future Victorians through social means such as safety, diversity, inclusivity and partnerships

Economic Vitality: to be a leader in the economy and the economic hub of the region

Service and Staff Excellence: to promote an effective, responsive and high-performing workforce

# *Message from the Director of Finance*



*Director of Finance*
*Mike McCliggott*

**Finance Department**
#1 Centennial Square
Victoria, British Columbia
V8W 1P6

Tel (250) 361-0236
Fax (250) 361-0278

May 2007

I am pleased to present the City of Victoria's consolidated financial statements which are prepared in compliance with Section 167 of the Community Charter and in accordance with generally accepted accounting principles approved by the Public Sector Accounting Board (PSAB). These financial statements include the consolidated statement of financial position of the Corporation of the City of Victoria as at December 31, 2006 and the related consolidated statements of financial activities and changes in financial position. The notes to Financial Statements include supporting information and schedules outlining changes in the reserve, operating and capital funds and the fund balances for the year.

## *Results Of Operations*

The year 2006 resulted in an improved municipal position ($28.1 million) that was in the main due to an increase in physical assets ($23 million). The City's revenue increased by $5 million due to an increase in the property taxes ($4.3 million) from a property tax increase and assessment growth. Our largest expenditure increases were in Protective Services ($3 million) due to additional funding for police and transportation services ($2.8 million) due to an overall increase in capital expenditures.

In 2006 the municipal property tax increase amounted to 3.5%; mainly due to the hiring of additional police officers and firefighters, new money for additional planning resources and increased funding for infrastructure needs.

## *Highlights*

The operating fund surplus for the year was $1.7 million, in addition both utilities, water and sewer, had a surplus. The sewer utility surplus was $598 thousand and the water surplus was $1.9 million.

The City's financial statements continue to comply with all aspects of Public Sector Accounting Board and Canadian Institute pf Chartered Accountants stan ards for accounting and financial reporting. This was one of the contributing factors in the City's 2006 Annual Report being awarded the Government Finance Officers Association Canadian Award for Financial Reporting Excellence for the second consecutive year.

City Council continues to follow its debt management policy by avoiding debt for all but major capital projects while increasing reserves and the capital levy to address the needs of the capital program.

In closing, I extend my appreciation to all of our employees who contributed to a successful year in 2006 and continue to strive to make Victoria one of the most liveable cities in Canada. I would like to acknowledge City Council, department directors and staff City-wide for a job well done. As well, I would like to thank staff in the Finance Department for their continued professionalism and commitment to the highest standards of performance.

Mike McCliggott
Director of Finance

The Government Finance Officers Association of the United States and Canada

CANADIAN AWARD FOR
FINANCIAL REPORTING ACHIEVEMENT

CITY OF VICTORIA, BRITISH COLUMBIA

# *Financial Reporting Responsibility*

The accompanying financial statements of The Corporation of the City of Victoria are the responsibility of management. To ensure their integrity, objectivity and reliability, management has selected appropriate accounting policies that are in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The financial statements necessarily include some amounts that are based on estimates and the judgment of management with appropriate consideration to materiality.

The City's accounting systems and related internal controls and supporting procedures are designed and maintained to provide reasonable assurance that financial records are complete and accurate and that assets are safeguarded against loss from unauthorized use or disposition. The procedures include training and selection of qualified staff, the establishment of an organizational structure that provides a well-defined division of responsibilities, accountability for performance and communication of standards of business conduct.

The Municipal Council, acting through its Finance and Human Resources Committee and the Committee of The Whole, oversees management's responsibilities for the financial reporting and internal control systems. The Committees meet periodically with management and the independent auditors to satisfy themselves that management's responsibilities are properly discharged, to review the consolidated financial statements and to recommend approval of the consolidated financial statements to Council.

KPMG LLP, Chartered Accountants, the independent auditors appointed by the City have examined these financial statements and issued their report which follows. The auditors have full and unrestricted access to the Council to discuss their audit and their related findings as to integrity of the financial reporting process.

Director of Finance

# *Auditors' Report to the Mayor and Councillors of the Corporation of the City of Victoria*

We have audited the consolidated statement of financial position of The Corporation of the City of Victoria as at December 31, 2006 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Victoria, Canada
March 19, 2007

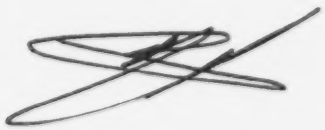
# *The Corporation of the City of Victoria*

**Consolidated Statement Of Financial Position**
December 31, 2006, with comparative figures for 2005



| | 2006 | 2005 |
|---|---|---|
| **Financial Assets** | | |
| Cash and short-term investments (note 2) | $ 51,475,432 | $ 47,499,172 |
| Property taxes receivable | 3,097,606 | 2,059,049 |
| Accounts receivable | 12,142,344 | 11,049,435 |
| Long-term investments (note 3) | 18,744,065 | 18,588,568 |
| Property acquired for taxes | - | 87,815 |
| Other assets | 6,663 | 8,449 |
| **Total financial assets** | **85,466,110** | **79,292,488** |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (note 4) | 14,280,555 | 15,815,798 |
| Deposits | 5,494,097 | 5,067,694 |
| Deferred revenue (note 5) | 6,850,191 | 3,733,261 |
| Employee benefit obligations (note 6) | 9,434,524 | 8,722,993 |
| Long-term debt (note 7) | 48,860,857 | 50,502,394 |
| **Total financial liabilities** | **84,920,224** | **83,842,140** |
| Net financial assets (liabilities) | 545,886 | (4,549,652) |
| Physical assets (note 8) | 442,265,168 | 419,273,647 |
| **Total net assets** | **$ 442,811,054** | **$ 414,723,995** |
| **Municipal Position** | | |
| Operating Funds (Schedule A) (note 9) | $ 4,201,045 | $ 2,361,046 |
| Capital Funds (Schedule B) | - | - |
| Reserve Funds (Schedule C) (note 10) | 50,019,827 | 49,533,749 |
| Unfunded employee benefit obligations (note 6) | (4,814,129) | (5,942,053) |
| | 49,406,743 | 45,952,742 |
| Equity in physical assets (note 11) | 393,404,311 | 368,771,253 |
| **Total municipal position** | **$ 442,811,054** | **$ 414,723,995** |

*Commitments and contingencies (notes 16 and 18)*
*See accompanying notes to financial statements.*



Approved by the Director of Finance

# The Corporation of the City of Victoria

**Consolidated Statement Of Financial Activities**
Year ended December 31, 2006, with comparative figures for 2005



| | Budget 2006 | Actual 2006 | Actual 2005 |
|---|---|---|---|
| **Revenues:** | | | |
| Net taxes available for municipal purposes (note 12) | $ 81,905,955 | $ 81,637,991 | $ 77,324,079 |
| Net grants in lieu of taxes available for municipal purposes (note 13) | 4,605,000 | 4,560,130 | 4,600,863 |
| Sales of goods and services | 27,212,384 | 29,854,723 | 34,736,417 |
| Sale of water | 11,383,821 | 11,781,381 | 10,449,855 |
| Licences and permits | 3,477,500 | 3,396,174 | 3,327,905 |
| Fines | 4,635,000 | 4,549,320 | 4,912,631 |
| Rentals and leases | 800,000 | 897,612 | 847,641 |
| Other interest and penalties | 1,688,000 | 3,426,380 | 2,433,240 |
| Unconditional government transfers (note 14) | 2,299,000 | 2,314,164 | 2,466,449 |
| Conditional government transfers (note 14) | 4,350,579 | 2,891,978 | 1,872,357 |
| Development cost charges | 450,000 | - | 75,000 |
| Actuarial adjustment on debt | - | 1,559,502 | 1,376,833 |
| Miscellaneous | 4,593,896 | 6,304,047 | 3,794,899 |
| | **147,401,135** | **153,173,402** | **148,218,169** |
| **Expenditures** (note 15): | | | |
| General government | 44,132,657 | 26,170,766 | 27,315,752 |
| Protective services | 48,152,587 | 49,341,388 | 46,268,396 |
| Transportation services | 19,939,430 | 15,426,334 | 12,600,465 |
| Environmental and public health services | 11,643,101 | 9,246,705 | 9,234,921 |
| Community planning | 1,739,692 | 1,468,633 | 1,169,207 |
| Parks, recreation and cultural services | 34,359,854 | 30,246,256 | 36,025,692 |
| Water utility | 10,974,681 | 9,903,478 | 9,987,583 |
| Sewer utility | 3,896,177 | 3,652,498 | 3,004,495 |
| | **174,838,179** | **145,456,058** | **145,606,511** |
| **Excess (deficiency) of revenues over expenditures** | (27,437,044) | 7,717,344 | 2,611,658 |
| Debt proceeds | 16,720,000 | - | 1,265,770 |
| Debt principal repaid (note 7) | (2,724,921) | (2,703,841) | (2,636,504) |
| Debt principal reduced by actuarial valuation | - | (1,559,502) | (1,376,833) |
| Capital lease principal repaid | - | - | (17,536) |
| **Change in fund balance** | **$ (13,441,965)** | **$ 3,454,001** | **$ (153,445)** |

*See accompanying notes to financial statements.*

# The Corporation of the City of Victoria

**Consolidated Statement Of Changes In Financial Position**
Year ended December 31, 2006, with comparative figures for 2005



| | 2006 | 2005 |
|---|---|---|
| **Cash and short-term investments provided by** (used for): | | |
| **Operations:** | | |
| Excess of revenues over expenditures | $ 7,717,344 | $ 2,611,658 |
| Actuarial adjustment on debt | (1,559,502) | (1,376,833) |
| Decrease (increase) in non-cash financial assets: | | |
| Property taxes receivable | (1,038,557) | (1,336) |
| Accounts receivable | (1,092,909) | (2,888,570) |
| Other financial assets | 89,601 | 801,465 |
| Increase (decrease) in short-term liabilities: | | |
| Accounts payable and accrued liabilities | (1,535,242) | 768,574 |
| Other financial liabilities | 3,543,333 | 2,484,175 |
| Employee benefit obligations | 711,530 | 868,308 |
| | **6,835,598** | **3,267,441** |
| **Investing:** | | |
| Increase in long-term investments | (155,497) | (393,579) |
| **Financing:** | | |
| Debt principal repaid | (2,703,841) | (2,636,504) |
| Proceeds of new debt issue | - | 1,265,770 |
| Capital lease principal repaid | - | (17,536) |
| | (2,703,841) | (1,388,270) |
| **Increase in cash and short-term investments** | **3,976,260** | **1,485,592** |
| Cash and short-term investments, beginning of year | 47,499,172 | 46,013,580 |
| **Cash and short-term investments, end of year** | **$ 51,475,432** | **$ 47,499,172** |

*Supplemental cash flow information (note 7).*
*See accompanying notes to financial statements.*

The Corporation of the City of Victoria (the "City") is incorporated and operates under the provisions of the Local Government Act and the Community Charter of British Columbia.

The City provides municipal services such as police, fire, public works, engineering, planning, parks, recreation, community development, conference facilities and other general government operations.



## 1. Significant accounting policies:

The financial statements of the City are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as prescribed by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

**(a) Reporting entity:**

The consolidated financial statements reflect a combination of the assets, liabilities, revenues, expenditures, and changes in fund balances and in financial position of the City's Operating, Capital and Reserve Funds.

Effective January 1, 2006, the City adopted the amended recommendations under CICA PS 1300 Government Reporting Entity, which defines the scope of the government reporting entity. The amended standard requires that all government organizations controlled by the City be included in the government reporting entity. This change has been adopted on a prospective basis.

Inter-departmental balances and organizational transactions are eliminated.

The financial statements exclude trust assets that are administered for the benefit of external parties (note 19).

**(b) Basis of accounting:**

The basis of accounting followed in the financial statement presentation is an accrual basis and includes revenues in the period in which the transactions or events occurred that gave rise to the revenues; and expenditures in the period the goods and services are acquired and a liability is incurred or transfers are due.

**(c) Fund accounting:**

Funds within the consolidated financial statements consist of the general operating, sewer operating, water operating, general capital, sewer capital, water capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

**(d) Property acquired for taxes:**

Property acquired for taxes is recorded at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

**(e) Long-term investments:**

Investments are recorded at cost. Investments in the Municipal Finance Authority of British Columbia ("Municipal Finance Authority") Bond, Intermediate and Money Market Funds are recorded at cost plus earnings reinvested in the funds.

## 1. Significant accounting policies (continued):

**(f) Physical assets:**

Physical assets, comprised of capital assets, land for future municipal purposes, capital work-in-progress and inventories of materials and supplies, are recognized as expenditures in the period they are acquired. Donated capital assets are reported at estimated fair value at the time of receipt.

Physical assets are carried on the consolidated statement of financial position at cost.

Inventories of materials and supplies are valued at the lower of cost and replacement cost.

Amortization is not recorded on capital assets.

**(g) Equity in physical assets:**

Equity in physical assets represents the historical cost of those capital assets. Equity increases as physical assets are acquired without incurring long-term debt or, where such debt is incurred, by the reduction of that debt. Equity decreases as physical assets are written off on disposal.

**(h) Government transfers:**

Government transfers are recognized in the consolidated financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made. Transfers received for which expenditures are not yet incurred are included in deferred revenue.

**(i) Foreign currency:**

Monetary items denominated in U.S. dollars are converted to Canadian dollars for financial statement purposes at approximate exchange rates in effect at the reporting date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenditures are translated at rates in effect at the time of the transactions. Gains and losses on foreign currency translations are included as revenues (expenditures).

**(j) Employee benefit obligations:**

The City and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred.

Sick leave and other retirement benefits are also available to the City's employees. The costs of these benefits are actuarially determined based on service and best estimates of retirement ages and expected future salary and wage increases. The obligation under these benefit plans are accrued based on projected benefits as the employees render services necessary to earn the future benefits.

**(k) Measurement uncertainty:**

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

## 2. Cash and short-term investments:

| | 2006 | 2005 |
|---|---|---|
| Bank account balances | $ 2,599,756 | $ 4,402,444 |
| Bankers' acceptances, special deposits, and Municipal Finance Authority Bond and Money Market Funds | 48,875,676 | 43,096,728 |
| | $ 51,475,432 | $ 47,499,172 |

## 3. Long-term investments:

| | Cost | | Market value | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Government and government guaranteed investments, investments guaranteed by a financial institution | $ 18,744,065 | $ 1,499,681 | $ 18,921,426 | $ 1,508,950 |
| Municipal Finance Authority Pooled Investment Funds | - | 17,088,887 | - | 17,088,887 |
| | $ 18,744,065 | $ 18,588,568 | $ 18,921,426 | $ 18,597,837 |

Long-term investments excluding the Municipal Finance Authority Bond and Intermediate Funds have stated interest rates of 4.00% to 13.75% (2005 - 3.80% to 13.75%) with maturity dates from March 1, 2007 to October 17, 2014. The Municipal Finance Authority Pooled Investment Funds earn interest based on realized earnings of the funds and the market value for longer term investments and do not have set maturity dates. The value of the net assets is the aggregate value of the assets of the Fund less its liabilities. Funds can be withdrawn after a one-to-four day notice period.

## 4. Accounts payable and accrued liabilities:

| | 2006 | 2005 |
|---|---|---|
| Trade accounts payable | $ 7,962,067 | $ 7,149,404 |
| Payroll accounts payable | 3,196,228 | 2,412,106 |
| Contract holdbacks | 334,949 | 2,298,106 |
| Property tax appeals | 787,285 | 1,688,336 |
| School authorities | 906,185 | 1,183,391 |
| Capital Regional District | 537,822 | 545,133 |
| Legal settlements | 300,000 | 300,728 |
| Integrated recreation | 89,485 | 84,250 |
| BC Transit | 80,202 | 67,809 |
| Regional Hospital District | 59,288 | 60,389 |
| BC Assessment Authority | 27,044 | 26,146 |
| | $ 14,280,555 | $ 15,815,798 |

## 5. Deferred revenue:

| | 2006 | 2005 |
|---|---|---|
| Miscellaneous | $ 3,342,359 | 1,696,300 |
| Federal gas tax funds | 1,237,462 | - |
| Conference Centre deposits | 289,014 | 334,498 |
| Development cost charges | 749,974 | 509,396 |
| RG Properties leasing and naming rights | 1,152,106 | 1,120,410 |
| Unearned recreation fees | 79,276 | 72,657 |
| | **$ 6,850,191** | **$ 3,733,261** |

## 6. Employee benefit obligations:

The City provides sick leave and certain benefits to its employees. These amounts will require funding in future periods and are recorded as follows:

| | City 2006 | Police 2006 | Total 2006 | Total 2005 |
|---|---|---|---|---|
| **Employee benefits obligation:** | | | | |
| Accumulated sick leave | $ 2,890,676 | $ 2,669,623 | $ 5,560,299 | $ 5,171,716 |
| Retirement benefit payments | 1,774,868 | 1,190,757 | 2,965,625 | 2,726,479 |
| Vacation pay | 482,980 | 425,620 | 908,600 | 824,798 |
| **Accrued employee benefit obligation** | **$ 5,148,524** | **4,286,000** | **9,434,524** | **8,722,993** |
| Less recoverable from reserves | (3,643,348) | (977,047) | (4,620,395) | (2,780,940) |
| Unfunded employee benefit obligation | 1,505,176 | 3,308,953 | 4,814,129 | 5,942,053 |
| Less non-vested sick leave | (1,505,176) | (434,723) | (1,939,899) | (1,815,932) |
| **Amount to be funded from future operations** | **$ -** | **$ 2,874,230** | **$ 2,874,230** | **$ 4,126,121** |

**Accumulated sick leave** represents the liability for sick leave banks accumulated for estimated reduction at future dates and/or for payout either on an approved retirement or upon termination or death.

**Retirement benefit payments** represent the City's share of the cost to provide employees with various benefits upon retirement including lump sum retirement payments, death benefits, certain vacation entitlements in the year of retirement, and pension buyback arrangements for qualified employees.

## 6. Employee benefit obligations (continued):

Information about liabilities for the City's employee benefit plans is as follows:

| | Sick leave | Retirement benefit payments | 2006 Total | 2005 Total |
|---|---|---|---|---|
| Accrued benefit liability, beginning of year | $ 3,989,031 | 4,733,962 | 8,722,993 | 7,854,686 |
| Service cost | 459,058 | 319,856 | 778,914 | 718,043 |
| Interest cost | 238,218 | 165,982 | 404,200 | 457,000 |
| Past service cost | - | - | - | 506,900 |
| Benefit payments | (299,351) | (208,578) | (507,929) | (813,636) |
| Actuarial loss | 21,421 | 14,925 | 36,346 | - |
| **Accrued benefit liability, end of year** | **$ 4,408,377** | **5,026,147** | **9,434,524** | **8,722,993** |

In 2004, the City adopted the recommendations under Section PS 3255 of the CICA Handbook for accounting for post-employment benefits. The accrued benefit obligations and the net periodic benefit cost were originally estimated by actuarial valuation in December 2004. At December 31, 2006, the valuation was updated to reflect specific changes in the assumptions adopted in measuring the City's accrued employee benefit obligations.

The difference between the actuarially determined accrued benefit obligation as at December 31, 2006 of $9,379,010 and the accrued benefit liability of $9,434,524 is current year pension over-contributions of $55,514. There is a year-ending unamortized actuarial loss of $5,490 that will be amortized over a period equal to the employees' average remaining service lifetime, estimated at 12 years.

The significant actuarial assumptions adopted in measuring the City's accrued benefit obligations are as follows:

| | 2006 | 2005 |
|---|---|---|
| Discount rates | 4.50% | 4.25% |
| Expected future inflation rates | 2.50% | 2.50% |
| Expected wage and salary increases | 2.59% to 4.50% | 2.59% to 4.50% |

## 7. Long-term debt:

The City issues debt instruments through the Municipal Finance Authority, pursuant to security issuing bylaws under authority of the Local Government Act, to finance certain capital expenditures. Sinking fund balances, managed by the Municipal Finance Authority, are used to reduce long-term debt.

Interest rates on long-term debt range from 4.17% to 7.375%. The weighted average interest rate for 2006 was 5.85%.

(a) Gross amount of debt and the amount of the sinking fund assets available to retire the debt are as follows:

| | Gross debt | Sinking fund asset | Net debt 2006 | Net debt 2005 |
|---|---|---|---|---|
| General Capital Fund | $ 86,557,694 | $ 38,148,945 | $ 48,408,749 | $ 49,920,181 |
| Sewer Utility Capital Fund | 1,593,940 | 1,141,832 | 452,108 | 582,213 |
| | **$ 88,151,634** | **$ 39,290,777** | **$ 48,860,857** | **$ 50,502,394** |

(b) Current period and future aggregate payments of net outstanding debenture debt, including sinking fund payments, over the next five years are as follows:

| | General Capital Fund | Sewer Utility Capital Fund | Total |
|---|---|---|---|
| 2007 | $ 2,533,231 | $ 73,858 | $ 2,607,089 |
| 2008 | 2,534,331 | 73,858 | 2,608,189 |
| 2009 | 1,826,504 | 43,953 | 1,870,457 |
| 2010 | 1,826,504 | 43,953 | 1,870,457 |
| 2011 | 978,748 | 6,571 | 985,319 |

Scheduled debt repayments may be suspended due to excess sinking fund earnings within the Municipal Finance Authority.

Interest paid during the year was $4,857,227 (2005 - $4,889,689).

## 8. Physical assets:

| | Beginning balance | 2006 additions | 2006 Disposals | December 31 ending balance |
|---|---|---|---|---|
| Sewer utility | $ 22,246,870 | $ 1,893,170 | $ - | $ 24,140,040 |
| Water utility | 43,799,351 | 1,913,192 | - | 45,712,543 |
| General capital: | | | | |
| Engineering structures | 147,635,778 | 7,825,502 | - | 155,461,280 |
| Buildings | 116,870,065 | 6,159,152 | - | 123,029,217 |
| Machinery and equipment | 71,259,196 | 5,567,461 | (778,050) | 76,048,607 |
| Land | 17,462,387 | 411,095 | (1) | 17,873,481 |
| | $ 419,273,647 | $ 23,769,572 | $ (778,051) | $ 442,265,168 |

## 9. Surplus:

| | 2006 | 2005 |
|---|---|---|
| Unappropriated surplus: | | |
| General Operating | $ 1,668,217 | $ 1,312,160 |
| Water Operating | 1,934,407 | 449,236 |
| Sewer Operating | 598,421 | 599,650 |
| **Operating funds balance** | $ 4,201,045 | $ 2,361,046 |

## 10. *Reserve Funds:*

| | Beginning balance | Transfer from General Operating Fund | Debt proceeds | Transfer from General Capital Fund | Transfer to General Capital Fund | December 31, 2006 ending balance |
|---|---|---|---|---|---|---|
| Financial Stability Reserve | $ 219,704 | $ (18,702) | $ - | $ - | $ - | $ 201,002 |
| Equipment Replacement Reserve | 24,131,545 | 6,775,699 | - | - | (8,499,949) | 22,407,295 |
| Economic Development | 2,553,323 | 389,366 | - | - | - | 2,942,689 |
| Debt Reduction | 1,741,724 | 845,253 | - | - | - | 2,586,977 |
| Self Insurance | 4,131,185 | 44,591 | - | - | - | 4,175,776 |
| Working Capital | 3,288,734 | 115,106 | - | - | - | 3,403,840 |
| Tax Sale Lands Fund | 8,692,780 | 354,247 | - | 17,884 | (1,004,993) | 8,059,918 |
| Parks and Greenways | 1,364,112 | 47,744 | - | 1,116 | - | 1,412,972 |
| Affordable Housing | 506,250 | 168,176 | - | - | - | 674,426 |
| Fringe Benefit Stabilization | 242,048 | 108,472 | - | - | - | 350,520 |
| Water Utility | 2,606,590 | 540,467 | - | - | - | 3,147,057 |
| Sewer Utility | 55,754 | 601,601 | - | - | - | 657,355 |
| | **$ 49,533,749** | **$ 9,972,020** | **$ -** | **$ 19,000** | **$ (9,504,942)** | **$ 50,019,827** |

## 11. *Equity in physical assets:*

The equity in physical assets balance is comprised of the following:

| | 2006 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Beginning balance | Debt principal repayments | Actuarial adjustments | Capital expenditures | Debt from consolidated entities | Disposals | December 31, 2006 ending balance |
| General capital | $ 303,304,799 | $ 2,629,974 | $ 1,503,264 | $ 19,963,210 | $ (2,621,806) | $ (778,051) | $ 324,001,390 |
| Water utility capital | 43,799,350 | - | - | 1,913,192 | - | - | 45,712,542 |
| Sewer utility capital | 21,667,104 | 73,867 | 56,238 | 1,893,170 | - | - | 23,690,379 |
| **Equity in physical assets balance** | **$ 368,771,253** | **$ 2,703,841** | **$ 1,559,502** | **$ 23,769,572** | **$ (2,621,806)** | **$ (778,051)** | **$ 393,404,311** |

## 12. Net taxes available for municipal purposes:

| | 2006 | 2005 |
|---|---|---|
| **Taxation:** | | |
| Property and business taxes | $ 143,307,979 | $ 135,907,224 |
| Utility 1% tax | 1,128,413 | 1,116,583 |
| **Special assessments:** | | |
| Boulevard frontage | 575,465 | 567,049 |
| Local improvement | 1,071 | 1,071 |
| Specified area improvement | 139,972 | 180,966 |
| Sewer frontage | 575,822 | 546,348 |
| **Hotel tax:** | | |
| Tourism Victoria - Destination Marketing Commission | 2,303,159 | 2,252,776 |
| Victoria Conference Centre | 512,575 | 503,287 |
| | **148,544,456** | **141,075,304** |
| **Less taxes levied for other authorities:** | | |
| Capital Regional District | 9,008,231 | 8,549,154 |
| School Authorities | 48,285,078 | 46,891,225 |
| Regional Hospital District | 3,648,432 | 3,714,450 |
| Municipal Finance Authority | 3,077 | 2,618 |
| BC Assessment Authority | 1,522,259 | 1,477,954 |
| BC Transit | 3,635,061 | 3,115,824 |
| Business Improvement Association | 804,327 | - |
| | **66,906,465** | **63,751,225** |
| **Net taxes available for municipal purposes** | **$ 81,637,991** | **$ 77,324,079** |

## 13. Grants in lieu of taxes:

| | 2006 | 2005 |
|---|---|---|
| Federal | $ 2,163,902 | $ 1,998,442 |
| **Provincial:** | | |
| BCBC (Shared Services BC) | 2,470,336 | 3,486,211 |
| Royal BC Museum | 865,556 | - |
| **Provincial agencies:** | | |
| Housing | 302,049 | 299,436 |
| Hydro | 184,203 | 177,929 |
| ICBC | 184,647 | 197,424 |
| | **6,170,693** | **6,159,442** |
| **Less grants in lieu of taxes for other authorities:** | | |
| Capital Regional District | 537,822 | 545,133 |
| School Authorities | 906,185 | 859,083 |
| Regional Hospital District | 59,288 | 60,389 |
| Municipal Finance Authority | 22 | 19 |
| BC Assessment Authority | 27,044 | 26,146 |
| BC Transit | 80,202 | 67,809 |
| | **1,610,563** | **1,558,579** |
| **Net grants in lieu of taxes, available for municipal purposes** | **$ 4,560,130** | **$ 4,600,863** |

## 14. Government transfers:

The following government transfers have been included in revenues:

| | 2006 | 2005 |
|---|---|---|
| **Unconditional transfers from provincial government:** | | |
| Traffic fine revenue sharing | $ 2,314,164 | $ 2,466,449 |
| **Conditional transfers:** | | |
| Jail services | 179,614 | 153,034 |
| **Infrastructure grants:** | | |
| Sewer | 32,903 | - |
| General capital | 2,099,971 | 1,458,801 |
| **Cost sharing:** | | |
| General capital | 579,490 | 260,522 |
| | **2,891,978** | **1,872,357** |
| | **$ 5,206,142** | **$ 4,338,806** |

## 15. Expenditures by object:

| | 2006 | 2005 |
|---|---|---|
| Salaries, wages and employee benefits | $ 79,169,966 | $ 75,320,098 |
| Equipment | 3,328,314 | 10,540,572 |
| Materials, supplies and contracted services | 45,247,652 | 48,895,728 |
| Interest and foreign exchange | 5,241,532 | 5,151,413 |
| Other | 12,468,594 | 5,698,700 |
| | **$ 145,456,058** | **$ 145,606,511** |

## 16. Contingent liabilities:

The City is defendant in various lawsuits. The City records an accrual in respect of legal claims that are likely to be successful and for which a liability amount is reasonably determinable. The remaining claims, should they be successful as a result of litigation, will be recorded when a liability is likely and determinable. An insurance reserve of $4,175,777 (2005 - $4,131,186) is maintained to offset settlements and insurance coverage is maintained to provide for insurable claims, should they exceed the liability deductible of $1,000,000 in any year.

New condominium construction in British Columbia over the last 10 years has resulted in significant construction deficiencies. Liability for these deficiencies is presently being addressed by the courts. The impact of the courts' decisions and their effect on the City are unknown at this time. The City has received various statements of claim with respect to alleged construction deficiencies. Statements of defence have been made on behalf of the City by the City's solicitors. For the majority of these claims, no determination of the City's liability, if any, has been made and no estimate of potential loss can be made or recorded at this time. Any liability will be recorded when a settlement is likely and the amounts are determinable.

Capital Regional District debt, under provisions of the Local Government Act, is a direct, joint and several liability of the Capital Regional District and each member municipality within the Capital Regional District, including the City.

The City is reviewing environmental objectives and potential liabilities for its activities and properties and potential site reclamation obligations. The amount of any such obligations is not presently determinable.

## 17. Pension plan:

The municipality and its employees contribute to the Municipal Pension Plan (the plan), a jointly trusteed pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 140,000 active members and approximately 51,000 retired members. Active members include approximately 31,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2003 indicated an unfunded liability of $789 million for basic pension benefits. The next valuation will be as of December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The City paid $5,723,552 for employer contributions to the plan in fiscal 2006.

## 18. Commitments:

In the normal course of business, the City enters into commitments for both capital and operational expenditures. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

(a) Municipal Finance Authority debt reserve fund deposits:

Under borrowing arrangements with the Municipal Finance Authority ("MFA"), the City is required to lodge security by means of demand notes and interest-bearing cash deposits based on the amount of the borrowing. As the debt principal is retired, demand notes are released and the cash deposits are refunded and recorded as operating income in the period received.

As a condition of these borrowings, a portion of the debenture proceeds is withheld by the MFA as a debt reserve fund. These deposits, which are contingent in nature, are held by the MFA to act as security against the possibility of debt repayment default, and together with the demand notes are not recorded in the accounts. If the debt is repaid without default, the deposits are refunded to the City. Details of the cash deposits and contingent demand notes are as follows:

| | 2006 | 2005 |
|---|---|---|
| Cash deposits | $ 1,315,312 | $ 1,259,035 |
| Contingent demand notes | 3,107,608 | 3,107,608 |
| **Total** | **$ 4,422,920** | **$ 4,366,643** |

## 19. Trust assets and liabilities:

The City administers trusts on behalf of third parties. The following trust fund balances are not included in the consolidated statement of financial position.

| | 2006 | 2005 |
|---|---|---|
| Ross Bay Cemetery | $ 378,375 | $ 388,008 |
| Nature Interpretation Centre | 523,380 | 505,681 |
| Bastion Square | 326,265 | 313,073 |
| **Total** | **$ 1,228,020** | **$ 1,206,762** |

The Ross Bay Cemetery Trust is a fund for the non-commercial Ross Bay Cemetery and is used for perpetual maintenance.

The Nature Interpretation Centre is a trust for the construction of a nature interpretation center in Beacon Hill Park.

The Bastion Square Revitalization Trust is a trust received from the Bastion Square Association Society for the sole purpose of improving Bastion Square.

In the normal course of business, the City enters into commitments for both capital and operational expenditures. These commitments have been budgeted for within the appropriate annual budget and have been approved by Council.

## 20. Comparative figures:

Certain of the comparative figures have been restated to conform with the current year's presentation.

# The Corporation of the City of Victoria

**Schedule A**

**Consolidated Statement of Financial Activities and Fund Balances**
**Operating Funds**
Year ended December 31, 2006, with comparative figures for 2005

| | Budget 2006 | Actual 2006 | Actual 2005 |
|---|---|---|---|
| **Revenues:** | | | |
| Taxes | $ 81,905,955 | $ 81,637,991 | $ 77,324,079 |
| Payments in lieu of taxes | 4,605,000 | 4,560,130 | 4,600,863 |
| Sale of goods and services | 26,387,384 | 28,535,332 | 26,824,865 |
| Sale of water | 11,383,821 | 11,781,381 | 10,449,855 |
| Licences and permits | 3,477,500 | 3,396,174 | 3,327,905 |
| Fines | 4,635,000 | 4,549,320 | 4,912,631 |
| Rentals and leases | 800,000 | 897,612 | 847,641 |
| Other interest and penalties | 1,688,000 | 3,426,380 | 2,433,240 |
| Unconditional government transfers | 2,299,000 | 2,314,164 | 2,466,449 |
| Conditional government transfers | 190,000 | 179,614 | 153,034 |
| Miscellaneous | 4,593,896 | 6,304,047 | 3,794,899 |
| | **141,965,556** | **147,582,145** | **137,135,461** |
| **Expenditures:** | | | |
| General government | 28,872,711 | 23,562,868 | 23,740,729 |
| Protective services | 45,598,493 | 47,516,237 | 45,268,390 |
| Transportation services | 9,017,430 | 9,119,435 | 8,109,136 |
| Environmental and public health services | 5,250,869 | 5,881,062 | 6,094,403 |
| Community planning | 1,739,692 | 1,468,633 | 1,169,207 |
| Parks, recreation and cultural services | 21,941,438 | 24,454,419 | 22,331,296 |
| Water utility | 8,916,881 | 7,990,287 | 8,246,644 |
| Sewer utility | 1,746,177 | 1,759,329 | 1,599,396 |
| | **123,083,691** | **121,752,270** | **116,559,201** |
| **Excess of revenues over expenditures** | **18,881,865** | **25,829,875** | **20,576,260** |
| Debt principal repaid | (2,724,921) | (2,703,841) | (2,636,504) |
| Capital lease principal repaid | - | - | (17,536) |
| Net transfers to Capital Funds | (11,593,135) | (10,186,091) | (8,511,394) |
| Net transfers to Reserve Funds | (5,464,293) | (7,842,634) | (7,063,113) |
| Unfunded employee benefit obligations | - | (1,127,924) | (236,667) |
| | **(19,782,349)** | **(21,860,490)** | **(18,465,214)** |
| Change in Operating funds balances | (900,484) | 3,969,385 | 2,111,046 |
| Funds balances, beginning of year | 2,361,046 | 2,361,046 | 1,191,156 |
| Transfer appropriated balance to Reserve Funds | (941,156) | (2,129,386) | (941,156) |
| **Funds balances, end of year** | **$ 519,406** | **$ 4,201,045** | **$ 2,361,046** |

# The Corporation of the City of Victoria

**Consolidated Statement of Financial Activities and Fund Balances**
**Capital Funds**
Year ended December 31, 2006, with comparative figures for 2005

**Schedule B**



| | Budget 2006 | Actual 2006 | Actual 2005 |
|---|---|---|---|
| **Revenues:** | | | |
| Sale of goods and services | $ 825,000 | $ 1,319,391 | $ 7,911,552 |
| Conditional governmental transfers | 4,160,579 | 2,712,364 | 1,719,323 |
| Development cost charges | 450,000 | - | 75,000 |
| Actuarial adjustment on debt | - | 1,559,502 | 1,376,833 |
| | **5,435,579** | **5,591,257** | **11,082,708** |
| **Expenditures:** | | | |
| General government: | | | |
| Buildings | 13,980,946 | 1,552,483 | 2,497,786 |
| Machinery and equipment | 1,079,000 | 763,448 | 1,077,237 |
| Land | 200,000 | 291,966 | - |
| | **15,259,946** | **2,607,897** | **3,575,023** |
| Protective services: | | | |
| Buildings | 1,265,770 | 363,139 | 29,458 |
| Machinery and equipment | 1,288,324 | 1,462,012 | 970,548 |
| | **2,554,094** | **1,825,151** | **1,000,006** |
| Transportation services: | | | |
| Engineering structures | 7,336,000 | 3,606,412 | 3,312,785 |
| Buildings | 780,000 | - | - |
| Machinery and equipment | 2,806,000 | 2,700,486 | 1,178,544 |
| | **10,922,000** | **6,306,898** | **4,491,329** |
| Environmental and public health services: | | | |
| Engineering structures | 6,392,232 | 3,365,643 | 2,733,335 |
| Land | - | - | 407,183 |
| | **6,392,232** | **3,365,643** | **3,140,518** |
| Parks, recreation and cultural services: | | | |
| Engineering structures | 2,229,591 | 906,792 | 1,960,268 |
| Buildings | 9,463,825 | 4,243,530 | 10,934,720 |
| Machinery and equipment | 725,000 | 641,515 | 760,438 |
| Land | - | - | 38,970 |
| | **12,418,416** | **5,791,837** | **13,694,396** |
| Water utility | 2,057,800 | 1,913,192 | 1,740,939 |
| Sewer utility | 2,150,000 | 1,893,170 | 1,405,099 |
| **Total expenditures** | **51,754,488** | **23,703,788** | **29,047,310** |

**Schedule B** (continued)

**Consolidated Statement of Financial Activities and Fund Balances**
**Capital Funds**
Year ended December 31, 2006, with comparative figures for 2005

| | Budget 2006 | Actual 2006 | Actual 2005 |
|---|---|---|---|
| Excess of expenditures over revenues | (46,318,909) | (18,112,531) | (17,964,602) |
| Debt proceeds | 16,720,000 | - | - |
| Net transfers from Operating Funds | 10,968,135 | 10,186,091 | 8,511,394 |
| Net transfers from Reserve Funds | 18,630,774 | 9,485,942 | 10,830,041 |
| Actuarial adjustment on debt | - | (1,559,502) | (1,376,833) |
| | **46,318,909** | **18,112,531** | **17,964,602** |
| Change in Capital Funds balances | - | - | - |
| Funds balances, beginning of year | - | - | - |
| **Funds balances, end of year** | **$ -** | **$ -** | **$ -** |

# The Corporation of the City of Victoria

**Consolidated Statement of Changes in Reserve Funds**
**Schedule C**
Year ended December 31, 2006, with comparative figures for 2005

| | Budget 2006 | Actual 2006 | Actual 2005 |
|---|---|---|---|
| Funds balances, beginning of year | $ 49,533,749 | $ 49,533,749 | $ 51,093,751 |
| **Add:** | | | |
| Debt proceeds | - | - | 1,265,770 |
| Transfer from Operating Funds | 5,464,293 | 10,450,111 | 8,004,269 |
| Transfer from Capital Funds | - | 19,000 | 6,987,697 |
| | 5,464,293 | 10,469,111 | 16,257,736 |
| **Deduct:** | | | |
| Transfer to Capital Funds | 18,630,774 | 9,504,942 | 17,817,738 |
| Transfer to Operating Funds | - | 478,091 | - |
| | 18,630,774 | 9,983,033 | 17,817,738 |
| Change in Reserve Funds balance | (13,166,481) | 486,078 | (1,560,002) |
| **Funds balances, end of year** | **$ 36,367,268** | **$ 50,019,827** | **$ 49,533,749** |

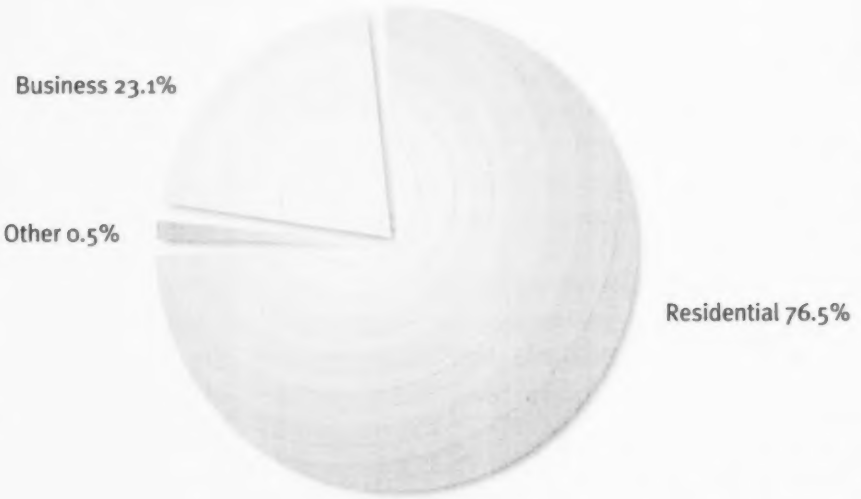
## Taxable Assessments of Land and Improvements 2002 - 2006 (in millions)

| Property Class | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Residential | $4,999 | $5,566 | $6,368 | $7,728 | $9,174 |
| Utilities | 10 | 11 | 15 | 15 | 16 |
| Industrial - Light | 27 | 25 | 25 | 24 | 27 |
| Business | 2,178 | 2,334 | 2,417 | 2,537 | 2,773 |
| Seasonal | 9 | 15 | 16 | 17 | 17 |
| | $7,223 | $7,951 | $8,841 | $10,321 | $12,007 |



## Assessments by Type

*Source: B.C. Assessment*



# Statistical Information

## Property Tax Rates 2002 - 2006

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Municipal ($ per 1000 assessment) | | | | | |
| Residential | 5.6138 | 5.3993 | 5.0380 | 4.3830 | 3.8864 |
| Utilities | 35.2970 | 33.3890 | 28.6251 | 28.5047 | 28.3141 |
| Industrial - Light | 14.9839 | 17.4882 | 17.9354 | 19.2588 | 18.4155 |
| Business | 14.1188 | 14.1844 | 14.6974 | 14.6242 | 14.273 |
| Seasonal | 10.5877 | 10.1316 | 9.2513 | 9.7403 | 10.0077 |
| Total - Including School, Region, etc. ($ per 1000 assessment) | | | | | |
| Residential | 10.4882 | 9.9688 | 9.2059 | 7.9853 | 7.0836 |
| Utilities | 57.2925 | 54.9333 | 49.4082 | 49.0118 | 48.7058 |
| Industrial - Light | 29.1740 | 31.7575 | 32.1045 | 33.1056 | 31.6671 |
| Business | 27.8457 | 27.7378 | 28.2036 | 27.6737 | 26.8227 |
| Seasonal | 17.0172 | 16.4349 | 15.3915 | 15.8820 | 15.8245 |
| Municipal Tax Billings By Property Class (in thousands) | | | | | |
| Residential | $28,062 | $30,053 | $32,080 | $33,872 | $35,654 |
| Utilities | 356 | 377 | 434 | 451 | 466 |
| Industrial - Light | 405 | 429 | 456 | 462 | 493 |
| Business | 30,756 | 33,099 | 35,516 | 37,149 | 39,574 |
| Seasonal | 91 | 156 | 146 | 163 | 169 |
| **TOTAL** | **$59,670** | **$64,114** | **$68,632** | **$72,097** | **$76,356** |

## New Construction 2002 - 2006

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Construction Permits | 2,827 | 2,944 | 2,927 | 3,244 | 3,626 |
| Construction Value ($ Million) | $145 | $133 | $129 | $206 | $230 |
| Taxes Generated from New Growth | $1,078,658 | $873,382 | $1,343,819 | $902,586 | $1,737,335 |

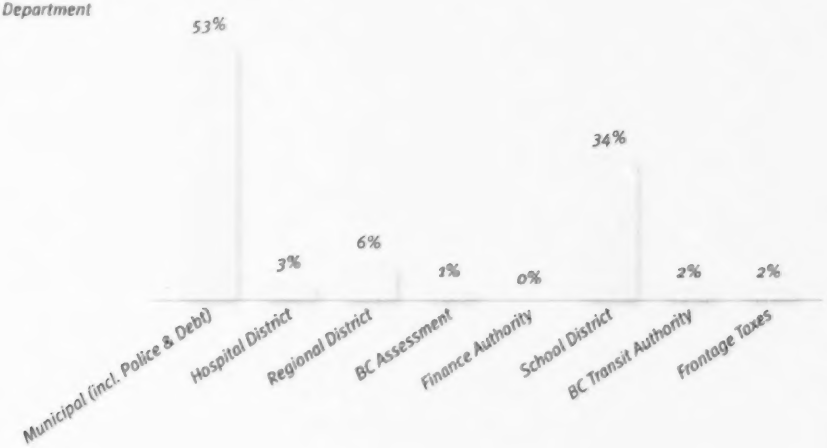
*Source: City of Victoria Finance Department*

## *Property Tax Levied and Collected 2002 - 2006 (in thousands)*

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Municipal (incl Police and Debt) | $59,670 | $64,114 | $68,632 | $72,097 | $76,356 |
| Hospital District | 4,037 | 3,979 | 3,815 | 3,714 | 3,649 |
| Regional District | 7,021 | 7,542 | 7,943 | 8,549 | 9,008 |
| BC Assessment | 1,426 | 1,444 | 1,429 | 1,478 | 1,523 |
| Finance Authority | 2 | 2 | 2 | 3 | 3 |
| School District | 40,822 | 43,160 | 44,773 | 46,109 | 48,285 |
| B.C. Transit Authority | 2,821 | 2,817 | 3,194 | 3,116 | 3,635 |
| Frontage Taxes | 1,257 | 1,273 | 1,282 | 2,072 | 2,093 |
| | **$117,056** | **$124,330** | **$131,070** | **$ 137,138** | **$ 144,552** |
| Total Current Taxes Levied | 117,056 | 124,330 | 131,070 | 137,138 | 144,552 |
| Current Taxes Collected | $113,645 | $120,931 | $127,680 | $ 133,091 | $ 139,734 |
| Percentage | 97.09% | 97.27% | 97.41% | 97.05% | 96.67% |
| Outstanding at Beginning of Year | $3,341 | $4,221 | $4,179 | $ 4,048 | $ 4,386 |
| Arrears Collected | $2,531 | $3,441 | $3,522 | $ 3,708 | $ 3,503 |
| Percentage | 75.76% | 81.51% | 84.27% | 91.60% | 79.87% |
| **Total Tax Collections** | **116,176** | **124,372** | **131,202** | **136,799** | **143,237** |

## *2006 Taxes by Jurisdiction*

*Source: City of Victoria Finance Department*



# Statistical Information

## Principal Taxpayers and Percentage of Total Taxes 2006

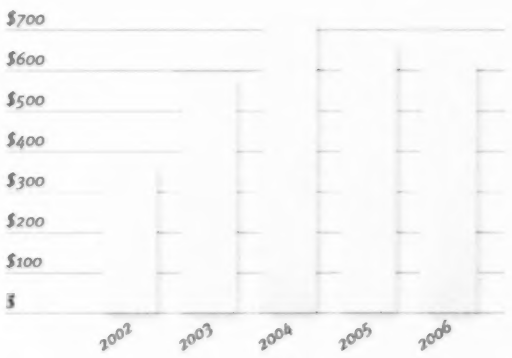
| Last Year | Rank | Property Owner | Taxes (in thousands) | Percent |
|---|---|---|---|---|
| 1 | 1 | 4239440 Canada LTd | 3,731,547 | 2.58% |
| 2 | 2 | Legacy Empress Title Corp | 2,855,178 | 1.98% |
| 3 | 3 | OPB Realty | 2,582,029 | 1.79% |
| 4 | 4 | 527701 BC Ltd / No 3 Sail View Ventures Ltd | 1,812,884 | 1.25% |
| 5 | 5 | Jawl Holdings Ltd | 1,275,319 | 0.88% |
| 6 | 6 | BC Telephone Co | 1,125,749 | 0.78% |
| 8 | 7 | Pacific Sun Hotel Inc | 1,079,254 | 0.75% |
| 9 | 8 | Grampian Holdings LTd | 870,607 | 0.60% |
| 14 | 9 | Victoria Downtown Hotel Estates LTd | 791,756 | 0.55% |
| 10 | 10 | Columbus Real Estate Inc | 764,420 | 0.53% |
| 18 | 11 | Paul's Restaurants Ltd | 762,183 | 0.53% |
| 15 | 12 | Congdon Construction Ltd | 714,902 | 0.49% |
| 12 | 13 | Sussex Place Equities Ltd | 691,673 | 0.48% |
| 11 | 14 | 596961 BC LTD | 691,624 | 0.48% |
| 13 | 15 | Canadian Imperial Bank of Commerce/ Standard Life Assurance Co | 675,549 | 0.47% |
| 20 | 16 | Gill-am investments | 673,839 | 0.47% |
| - | 17 | Chip Reit No 40 | 639,717 | 0.44% |
| 16 | 18 | Associated Building Credits Ltd | 627,378 | 0.43% |
| 17 | 19 | The Greater Victoria Harbour Authority | 581,523 | 0.40% |
| 21 | 20 | Provincial Rental Housing Corp | 490,300 | 0.34% |
| 25 | 21 | Park Pacific Apartments LTd | 479,712 | 0.33% |
| 28 | 22 | Concert Real Estate Corp | 476,598 | 0.33% |
| - | 23 | Canwest Mediaworks Publications Inc | 473,262 | 0.33% |
| 22 | 24 | BC Hydro & Power Authority | 449,136 | 0.31% |
| 23 | 25 | Westside Village Shopping Centre Ltd | 446,897 | 0.31% |
| - | 26 | Executive House Ltd | 434,925 | 0.30% |
| - | 27 | Chip Rent No 44 Holdings | 429,170 | 0.30% |
| 32 | 28 | International Travel Inn's Ltd | 424,120 | 0.29% |
| 24 | 29 | Provincial Capital Commission | 422,734 | 0.29% |
| 27 | 30 | Sophie Investments Inc | 415,302 | 0.29% |
| | | | **27,889,286** | **19.29%** |

## *Debenture Debt 2002 - 2006 (in thousands)*

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Gross Oustanding Debt | $51,889 | $74,914 | $84,206 | $88,445 | $88,152 |
| Less: Sinking Fund Payments | 24,131 | 31,024 | 30,956 | 37,943 | 39,291 |
| **Net Debt** | **$27,758** | **$43,890** | **$53,250** | **$50,502** | **$48,861** |
| | | | | | |
| General | $26,780 | $43,074 | $52,547 | $49,920 | $48,409 |
| Sewer | 978 | 816 | 703 | 582 | 452 |
| | **$27,758** | **$43,890** | **$53,250** | **$50,502** | **$48,861** |
| Debt Servicing Costs | | | | | |
| Property Tax Supported | $5,514 | $5,970 | $6,733 | $7,338 | $7,373 |
| Specified Area & Other | - | - | | - | - |
| Sewer Utility | 246 | 246 | 188 | 188 | 188 |
| **Total Debt Servicing Costs** | **$5,760** | **$6,216** | **$6,921** | **$7,526** | **$7,561** |
| | | | | | |
| Population | 74,125 | 74,125 | 74,125 | 74,125 | 78,057 |
| Net Debt per Capita | $374 | $592 | $718 | $681 | $626 |
| Debt Servicing per Capita | $78 | $84 | $93 | $102 | $97 |
| Debt Service as % of Expenditures | 5.05% | 4.90% | 4.91% | 5.16% | 5.20% |
| | | | | | |
| # of Households | 21,564 | 21,564 | 21,564 | 21,564 | 39,595 |
| | | | | | |
| Gross Debt Servicing Limit | $27,465,559 | $29,918,105 | $32,434,819 | $33,943,159 | $36,434,863 |
| Debt Capacity Available | $21,018,559 | $22,847,958 | $25,377,831 | $26,165,985 | $28,495,619 |

## *Per Capita Net Debt*

*Source: Municipal Finance Authority*
*Source: Population: Statistics Canada*



# Statistical Information



## Revenue and Expenses 2002 - 2006 (in thousands)

| Revenue | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| Property Taxes | $ 64,640 | $ 69,041 | $ 73,708 | $ 77,334 | $ 81,638 |
| Payment In Lieu of Taxes | 4,014 | 4,180 | 4,244 | 4,601 | 4,560 |
| Sales of Services | 26,596 | 26,050 | 28,004 | 34,736 | 29,855 |
| Sale of Water | 9,873 | 9,176 | 10,740 | 10,450 | 11,781 |
| Licences and Permits | 3,135 | 3,173 | 3,352 | 3,328 | 3,396 |
| Fines | 3,099 | 3,956 | 4,662 | 4,913 | 4,549 |
| Rentals and Leases | 647 | 774 | 810 | 848 | 898 |
| Interest and Penalties | 2,158 | 2,393 | 2,390 | 2,433 | 3,426 |
| Unconditional Government Transfers | 404 | 482 | 1,838 | 2,466 | 2,314 |
| Other | 4,453 | 3,803 | 5,145 | 5,247 | 7,864 |
| Conditional Government Transfers | 1,376 | 1,158 | 1,178 | 1,872 | 2,892 |
| | **$ 120,395** | **$ 124,186** | **$ 136,070** | **$ 148,218** | **$ 153,173** |
| **Expenses By Function** | | | | | |
| General Government | $ 19,854 | $ 22,323 | $ 24,387 | $ 27,316 | $ 26,171 |
| Protective Services | 35,825 | 43,192 | 44,531 | 46,268 | 49,341 |
| Transportation Services | 13,981 | 12,504 | 11,680 | 12,600 | 15,426 |
| Enviromental/Public Health | 6,759 | 8,105 | 8,692 | 9,235 | 9,247 |
| Community Planning | 1,093 | 1,145 | 1,627 | 1,169 | 1,469 |
| Parks Recreation and Cultural | 23,645 | 27,193 | 36,443 | 36,026 | 30,246 |
| Water Utility | 9,852 | 9,435 | 10,332 | 9,988 | 9,903 |
| Sewer Utility | 2,993 | 3,069 | 3,324 | 3,004 | 3,652 |
| | **$ 114,002** | **$ 126,966** | **$ 141,017** | **$ 145,607** | **$ 145,456** |
| **Expenses By Object** | | | | | |
| Salaries Wages and Benefits | $64,873 | $70,866 | $72,850 | 75,320 | 79,170 |
| Equipment | 8,462 | 9,459 | 10,257 | 10,541 | 3,328 |
| Materials Supplies and Services | 30,444 | 36,597 | 45,701 | 48,896 | 45,248 |
| Interest | 3,453 | 3,852 | 4,573 | 5,151 | 5,242 |
| Other | 6,770 | 6,192 | 7,636 | 5,699 | 12,469 |
| | **$114,002** | **$126,966** | **$141,017** | **$ 145,607** | **$ 145,456** |

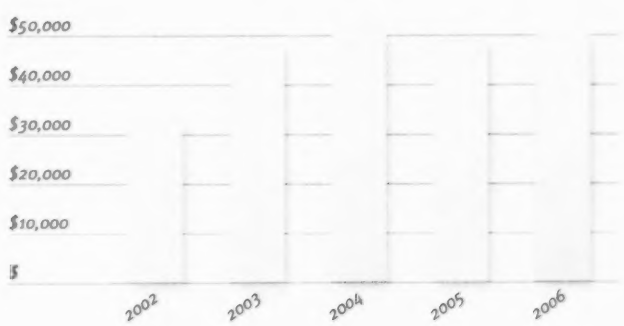
*Source: City of Victoria Finance Department*

## *Reserve Funds and Statement of Surplus 2002 - 2006 (in thousands)*

| Description | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| **Reserve Funds** | | | | | |
| Equipment and Infrastructure | $18,552 | $31,485 | $34,094 | $ 24,132 | $ 22,407 |
| Economic Development | 1,216 | 1,852 | 2,198 | 2,553 | 2,943 |
| Financial Stability | - | - | - | 220 | 201 |
| Debt Reduction | 840 | 1,366 | 1,564 | 1,742 | 2,587 |
| Self Insurance | 3,543 | 3,149 | 3,640 | 4,131 | 4,176 |
| Working Capital | 3,039 | 3,130 | 3,209 | 3,289 | 3,404 |
| Tax Sale Lands | 4,560 | 3,824 | 3,524 | 8,693 | 8,060 |
| Parks and Greenways Acquisition | 257 | 434 | 608 | 1,364 | 1,413 |
| Affordable Housing | - | - | 250 | 506 | 674 |
| Fringe Benefit Rate Stabilization | - | 166 | 138 | 242 | 351 |
| Water Utility | 1,770 | 1,823 | 1,869 | 2,607 | 3,147 |
| Sewer Utility | | | | 56 | 657 |
| | **$33,776** | **$47,229** | **$51,094** | **49,534** | **50,020** |
| **Statement Of Surplus (Deficit)** | | | | | |
| General Operating Surplus | $1,000 | $636 | $444 | $ 1,312 | $ 1,668 |
| Water Operating Surplus | 863 | 365 | 691 | 449 | 1,934 |
| Sewer Operating Surplus | 211 | (56) | 56 | 600 | 598 |
| | **$2,073** | **$945** | **$1,191** | **2,361** | **4,201** |
| **Reserves Plus Surplus** | **$35,850** | **$48,174** | **$52,285** | **$ 51,895** | **$ 54,221** |

*Reserves*

*Source: City of Victoria Finance Department*



# Statistical Information

## 2002 - 2006 Capital Budget Expenditures and Funding Sources (in thousands)



| | 2002 | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| Civic Facilities | $1,183 | $6,752 | $14,573 | $13,247 | $5,416 |
| Miscellaneous | - | - | - | - | - |
| Equipment | 3,205 | 4,229 | 2,861 | 3,988 | 5,516 |
| Streets | 1,621 | 2,376 | 1,849 | 2,152 | 2,411 |
| Transportation and Development | 348 | 277 | 1,161 | 1,107 | 1,010 |
| Civic Services | 44 | 23 | 23 | 38 | 39 |
| Storm Drains | 800 | 1,848 | 1,796 | 1,416 | 2,650 |
| Parks | 1,468 | 611 | 421 | 1,961 | 1,192 |
| Corporate and Regulatory Development | - | - | - | - | - |
| Planning and Development | 73 | 38 | 280 | 0 | 43 |
| Shoreline Protection | 251 | 12 | 5 | 20 | 2 |
| Revitalization | 136 | 7 | 880 | 0 | 33 |
| Downtown Revitalization | 650 | 290 | 116 | 54 | 148 |
| Environmental Remediation | 594 | 497 | 860 | 1,704 | 680 |
| Water Utility | 2,251 | 1,731 | 2,113 | 1,741 | 1,913 |
| Sewer Utility | 1,074 | 1,463 | 1,533 | 1,405 | 1,893 |
| Victoria Conference Centre | 118 | 262 | 144 | 214 | 757 |
| | **$13,816** | **$20,417** | **$28,616** | **$29,047** | **$23,704** |
| **Funding Sources** | | | | | |
| Capital Tax Levy | $3,657 | $4,264 | $5,220 | $6,193 | $7,385 |
| Carry Forwards | - | - | - | - | $- |
| Connection Fees | 174 | 177 | 231 | 205 | $274 |
| Equipment & Infrastructure | 3,994 | 4,491 | 5,356 | 3,470 | $5,752 |
| Tax Sale Land Reserve | 1,403 | 1,042 | 1,585 | 1,141 | $1,005 |
| Development Cost Charges | - | 80 | 609 | 75 | $- |
| Economic Development Reserve | 375 | - | - | - | $- |
| Trust Funds | - | - | 63 | 10 | $53 |
| Grants and Partnerships | 355 | 734 | 746 | 1,719 | $2,679 |
| Debt | - | 5,771 | 10,058 | 12,123 | $633 |
| Water Utility | 2,251 | 1,731 | 2,113 | 1,741 | $1,913 |
| Sewer Utility | 1,074 | 1,463 | 1,533 | 1,405 | $1,893 |
| Victoria Conference Centre | 118 | 260 | 144 | 281 | $757 |
| Police Equipment & Infrastructure | 416 | 405 | 959 | 683 | $1,358 |
| | **$13,816** | **$20,417** | **$28,616** | **$29,047** | **$23,704** |

*Source: City of Victoria Finance Department*

| Organization | Grants | City In-Kind Services | Exemption from Property Taxes | Total |
|---|---|---|---|---|
| 5th (BC) Field Regiment, Royal Cdn. Artillery | $ | $40 | $ | $40 |
| Anawim Companions Society | | | 2,577 | 2,577 |
| Art Gallery of Greater Victoria | 3,000 | 4,096 | 41,092 | 48,188 |
| Beacon Community Services for Out of the Rain Night Shelter | 20,000 | | | 20,000 |
| Belfrey Theatre Society | | | 19,768 | 19,768 |
| Blanshard Community Centre | | 180 | | 180 |
| Boy Scouts of Canada | | | 5,952 | 5,952 |
| Boys and Girls Club of Greater Victoria | | | 22,494 | 22,494 |
| Bread & Roses Collective | 1,000 | | | 1,000 |
| Bruce Denniston Bone Marrow Society | | 925 | | 925 |
| Burnside Gorge Community Association | 65,735 | | | 65,735 |
| Burnside Gorge Community Centre | 3,750 | | | 3,750 |
| Canadian Cancer Society | | 139 | 6,560 | 6,699 |
| Canadian Capital Cities | 3,000 | | | 3,000 |
| Canadian Housing Research Foundation | | | 7,749 | 7,749 |
| Canadian National Institute for the Blind | | | 26,876 | 26,876 |
| Canadian Pacific Lawn Bowling Club | | | 19,064 | 19,064 |
| Canadian Red Cross | | | 45,288 | 45,288 |
| Canadian Romanian Society of Victoria | 3,750 | | | 3,750 |
| Canadian Scottish Regiment | | 100 | | 100 |
| Capital Bike & Walk Society | 1,875 | | | 1,875 |
| Capital Mental Health Assocation | | | 21,578 | 21,578 |
| Casa Maria Emergency Housing Society | | | 2,033 | 2,033 |
| Chinese Consolidated Benevolent Association | | 769 | 11,747 | 12,516 |
| Church of Jesus Christ of Latter Day Saints | | 504 | | 504 |
| City of Victoria Youth Council, c/o Blanshard Comm Ctre | 20,000 | | | 20,000 |
| Clover Point Anglers Association | | | 5,509 | 5,509 |
| Community Social Planning Council | 16,000 | | | 16,000 |
| Craigdarroch Castle Historical Museum Society | | | 39,599 | 39,599 |
| Cridge Centre for the Family | | | 24,360 | 24,360 |
| Dance Victoria | 3,500 | | | 3,500 |
| Dart Coon Club of Canada | | 120 | | 120 |
| Dept. of National Defence-Joint Task Force (Pacific) Headquarters | | 800 | | 800 |
| Dept. of National Defense-BC Domestic Operations | | 227 | | 227 |
| Discovery School Society | | | 1,645 | 1,645 |
| Downtown Blanshard Advisory Committee | 50,970 | | | 50,970 |
| Downtown Residents Association | 6,255 | | | 6,255 |
| Downtown Victoria Business Association | | 216 | | 216 |
| Earth Walk Committee | | 658 | | 658 |

| Organization | Grants | City In-Kind Services | Exemption from Property Taxes | Total |
|---|---|---|---|---|
| Fairfield Community Association | 104,760 | | | 104,760 |
| Fairfield New Horizons | 34,211 | | | 34,211 |
| Fernwood Community Association | 5,090 | | | 5,090 |
| Fernwood Community Centre | 41,735 | | | 41,735 |
| Fernwood Community Centre Society | 50,000 | | 1,390 | 51,390 |
| Fernwood Neighbourhood Resource Group | 7,767 | 136 | | 7,903 |
| Fire Fighters Burn Fund of Greater Victoria | | | 1,330 | 1,330 |
| First Open Heart Society of BC | | | 1,803 | 1,803 |
| Foundation 2000 Plus | | 146 | | 146 |
| Girl Guides of Canada | | | 2,862 | 2,862 |
| Go Rowing & Paddling Centre | | 127 | 16,500 | 16,627 |
| Gorge Waterway Action Society | 1,406 | | | 1,406 |
| Great Canadian Beer Festival | | 203 | | 203 |
| Greater Victoria Bike to Work Society | 2,500 | 84 | | 2,584 |
| Greater Victoria Citizens' Counselling Centre | | | 8,550 | 8,550 |
| Greater Victoria Compost Education Centre | 13,265 | 136 | | 13,401 |
| Greater Victoria Festival Society | 19,500 | 11,812 | | 31,312 |
| Greater Victoria Film Commission | 45,000 | | | 45,000 |
| Greater Victoria Women's Shelter Society | | | 4,971 | 4,971 |
| Heart & Stroke Foundation | | 60 | | 60 |
| Impromaniacs Theatre Company Society | 1,000 | | | 1,000 |
| Integrated Recreation | 26,271 | | | 26,271 |
| Inter-Cultural Association of Greater Victoria | 25,000 | 25,061 | | 50,061 |
| Intrepid Theatre Company | 23,500 | | | 23,500 |
| Island Equipment Owners Association | | 4,437 | | 4,437 |
| James Bay Anglers Association | | | 429 | 429 |
| James Bay Community Project | 10,000 | | | 10,000 |
| James Bay Community School Centre | 41,735 | | | 41,735 |
| James Bay Community School Society | 21,825 | | | 21,825 |
| James Bay Health and Community Services Society | | | 15,409 | 15,409 |
| James Bay New Horizons | 44,615 | | | 44,615 |
| John Howard Society of Victoria | | | 2,176 | 2,176 |
| Kiwanis Club of Victoria | | | 4,291 | 4,291 |
| Lifecycles Project Society | 5,000 | | | 5,000 |
| Lions Society | | 100 | | 100 |
| Local Government Leadership Academy | 2,000 | | | 2,000 |
| Maharishi Age of Enlightenment School Society | | | 1,749 | 1,749 |
| Maritime Museum | 20,000 | | | 20,000 |
| McPherson Playhouse Foundation | | | 65,984 | 65,984 |
| Mosaic the City Community Unity Society | 1,125 | | | 1,125 |
| Multiple Sclerosis Society of Canada | | | 24,821 | 24,821 |

| Organization | Grants | City In-Kind Services | Exemption from Property Taxes | Total |
|---|---|---|---|---|
| NEED - Crisis and Information Line | 22,083 | | | 22,083 |
| North Jubilee Neighbourhood Association | 1,950 | | | 1,950 |
| North Park Neighbourhood Association | 1,910 | 113 | | 2,023 |
| Oaklands Community Association | 49,345 | | | 49,345 |
| Oaklands Elementary School | | 80 | | 80 |
| Octa Collective Society, The | 3,750 | | | 3,750 |
| Open Cinema Society | 562 | | | 562 |
| Open Door Inner City Ministry | 25,000 | | | 25,000 |
| Open Space Art Gallery | | 88 | | 88 |
| Open Space Arts Society | | | 10,576 | 10,576 |
| Other Guy Theatre Society | 17,500 | | | 17,500 |
| Our Place Society | 50,000 | | | 50,000 |
| Pacifica Housing Association | 50,000 | | | 50,000 |
| Pandora Arts Collective Society | 5,000 | | | 5,000 |
| Power to be Adventure Therapy Society | 2,500 | | | 2,500 |
| Rick Hansen Wheels in Motion Victoria Organizing Committee | | 1,497 | | 1,497 |
| Rockland Community Association | 6,620 | | | 6,620 |
| Royal Victoria Yacht Club | | 3,602 | | 3,602 |
| Salvation Army | | | 39,736 | 39,736 |
| Shekinah Homes Society | | | 2,262 | 2,262 |
| Single Parent Resource Society | | | 7,308 | 7,308 |
| South Jubilee Neighbourhood Association | 925 | | | 925 |
| South Park Elementary | | 190 | | 190 |
| SportHost | 7,500 | | | 7,500 |
| St. John Ambulance | 2,300 | | | 2,300 |
| St. John Council for BC Properties | | | 24,849 | 24,849 |
| St. John the Divine Anglican Church | 7,500 | | | 7,500 |
| St. Vincent De Paul Society of Victoria | | | 25,563 | 25,563 |
| Times Colonist Cycling Festival | | 1,618 | | 1,618 |
| TLC The Land Conservancy of British Columbia | | | 20,126 | 20,126 |
| TNT Productions | | 21,234 | | 21,234 |
| Tourism DMC | 2,303,159 | | | 2,303,159 |
| Tourism Victoria | 62,500 | | | 62,500 |
| Trojan One | | 1,922 | | 1,922 |
| T'Souke Nation-Good Food Box | 5,000 | | | 5,000 |
| United Way of Greater Victoria | 5,000 | | 12,595 | 17,595 |
| Unity Church of Victoria | | | 2,077 | 2,077 |
| Upper Room | | | 8,417 | 8,417 |
| Vancouver Island Health Authority | | | 28,582 | 28,582 |
| Vancouver Island Housing Assn. for the Physically Disabled | | | 2,312 | 2,312 |

| Organization | Grants | City In-Kind Services | Exemption from Property Taxes | Total |
|---|---|---|---|---|
| Veins of Life Watershed Society-Gorge Waterway Initiative | 5,000 | | | 5,000 |
| VIATeC | 22,500 | | | 22,500 |
| Victoria A.M. Association-Meet & Greet Program | 2,250 | | | 2,250 |
| Victoria Association for Community Living | | | 4,026 | 4,026 |
| Victoria BC SKA Society | 4,000 | | | 4,000 |
| Victoria Civic Heritage Trust | 397,500 | | | 397,500 |
| Victoria Confederation of Parent Advisory Council | 30,000 | | | 30,000 |
| Victoria Conservatory of Music | | | 119,608 | 119,608 |
| Victoria Cool Aid Society | 10,000 | | 43,213 | 53,213 |
| Victoria Curling Club | | | 23,079 | 23,079 |
| Victoria Disability Resource Centre | 1,875 | | | 1,875 |
| Victoria Dragon Boat Festival Society | 6,000 | 3,071 | | 9,071 |
| Victoria Foundation | 10,000 | | | 10,000 |
| Victoria Heritage Foundation | 156,059 | | | 156,059 |
| Victoria Highland Games Society | 1,000 | 698 | | 1,698 |
| Victoria Immigrant and Refugee Centre Society | 6,500 | 841 | | 7,341 |
| Victoria Independent Film & Video Festival Society | 4,000 | | | 4,000 |
| Victoria International Running Society | | 4,990 | | 4,990 |
| Victoria Jazz Society | 11,000 | 2,143 | | 13,143 |
| Victoria Marathon Society | | 12,755 | | 12,755 |
| Victoria Military Music Festival Society | 4,000 | | | 4,000 |
| Victoria Native Friendship Centre | | | 2,752 | 2,752 |
| Victoria Philharmonic Choir | 5,000 | | | 5,000 |
| Victoria Pride Society | | 2,948 | | 2,948 |
| Victoria R.E.A.D. Society | | | 6,383 | 6,383 |
| Victoria Shakespeare Society | 1,000 | | | 1,000 |
| Victoria Silver Threads | 69,211 | | | 69,211 |
| Victoria Sorimoum Society | 2,500 | | | 2,500 |
| Victoria Status of Women Action Group | 3,495 | | | 3,495 |
| Victoria Symphony Society | 4,500 | 8,265 | | 12,765 |
| Victoria Theatre Guild and Dramatic School | | | 12,517 | 12,517 |
| Victoria Volunteer Bureau | 8,800 | | | 8,800 |
| Victoria West Community Association | 6,282 | 120 | | 6,402 |
| Victoria West Community Y | 51,735 | | | 51,735 |
| Victoria Women In Need Society | | | 10,091 | 10,091 |
| Victoria Women's Transition House Society | | | 9,160 | 9,160 |
| Victoria Youth Empowerment Society | 12,000 | | 12,261 | 24,261 |
| Women's Sexual Assault Centre | 3,930 | | | 3,930 |
| YM/YWCA of Greater Victoria | | | 104,578 | 104,578 |
| **Total** | **$4,216,380** | **$117,248** | **$988,227** | **$5,321,855** |

THE CITY OF VICTORIA

The City of Victoria
#1 Centennial Square
Victoria, British Columbia V8W 1P6
www.victoria.ca

Photo Credits

**All photographs by Hélène Cyr except the following images**

p. 4 Mayor Alan Lowe: Frances Litman Photography

p. 5 Mayor Alan Lowe with Steve Nash: Sharon Tiffin/Vic News

Mayor with Governor General Honourable Michaëlle Jean: City of Victoria

p. 6 City Manager Penny Ballantyne: Mike Gustafsson Photography

p. 8 - 9 Mayor and Council: Frances Litman Photography

p. 12 DVBA Clean & Safe: Downtown Victoria Business Association

p. 18 Small vehicle parking: Valerie Elliott

p. 20 Tree Appreciation: City of Victoria

p. 22 Masked Luminara goer: Alexandre Arrantes

p. 22 Carla Funk: Marina McKenzie

p. 23 Butch Dick carving: City of Victoria

p. 24 Railyard: Stephan Jacob

p. 25 Downtown plan update mapping session: City of Victoria

p. 26 Victoria Conference Centre: City of Victoria

p. 29 Two officers by car: Victoria Police Department

p. 30 Cops for Cancer: Victoria Police Department

p. 30 Police K9 unit: Victoria Police Department

p. 31 High angle rescue: Fire Department

p. 31 Vehicle crash rescue: Diana Nethercott

p. 32 Victoria emergency management: City of Victoria

p. 32 ERT and Marine unit: Victoria Police Department

p. 34 Director of Finance Mike McCliggott: Destrube Photography

## *Eco-Audit*

Recycled
Supporting responsible use of forest resources
www.fsc.org Cert no. SW-COC-1563
© 1996 Forest Stewardship Council
FSC
100%

The City of Victoria 2006 Annual Report is printed with vegetable-based inks on 100% post-consumer recycled and processed chlorine free paper. The inside text pages are printed on Forest Stewardship Council certified fibre and manufactured with biogas energy. By choosing 100% post-consumer fibre instead of virgin paper for this report the following savings to our natural resources were realized:

| Trees Saved | Water Saved (gallons) | Landfill Reduced (lbs.) | Net Greenhouse Emissions (lbs.) | Energy Reduced BTU (000) |
|---|---|---|---|---|
| 6.7 | 1,220 | 579 | 1,148 | 1,312 |

*www.victoria.ca*